

Herald Tribune

Published with The New York Times and The Washington Post

PARIS, MONDAY, MAY 2, 1977

Established 1887

NEW YORK: Monday, variable showers. Temp. 12-14 (54-58). Tuesday possible showers. Temp. 14-21 (57-70).
 NEW YORK: Monday, cloudy. Temp. 12-14 (54-58). Tuesday, variable showers. Temp. 14-21 (57-70).

WEATHER—COMICS PAGE

To Silence Watergate Burglars

Other Tapes Indicate Nixon Knew Early of 'Hush Money'



Richard Nixon

Bhutto, Leader Military

ISLAMABAD, May 1 (UPI)—Pakistan's most popular leader appealed to the people today to support the government and said the military movement would not end until Mr. Bhutto was released.

Mr. Bhutto, who is acting as a government spokesman, said he is being detained in a military camp and that the military movement would not end until he is released.

He said the military movement was a result of the government's failure to release him and that the military was not a threat to the government.

Mr. Bhutto said he was a victim of a military coup and that the military was not a threat to the government.

Mr. Bhutto said he was a victim of a military coup and that the military was not a threat to the government.

He said the military movement was a result of the government's failure to release him and that the military was not a threat to the government.

Mr. Bhutto said he was a victim of a military coup and that the military was not a threat to the government.

He said the military movement was a result of the government's failure to release him and that the military was not a threat to the government.

for Kidnappers

ADVOCATE, May 1 (AP)—The government will not demand the release of the 17 kidnapped Foreign Minister's aides, the government said today.

The government said it was not a threat to the government.

'Goddamn hush money, uh, how are we going to [unintelligible] how do we get this stuff...'

Richard Nixon, Jan. 8, 1973.

By Bob Woodward and Scott Armstrong

WASHINGTON, May 1 (UPI)—Former President Richard Nixon was aware in early January, 1973, that "hush money" was being sought to keep the Watergate burglars silent, according to transcripts of White House tape recordings never before made public.

Mr. Nixon has maintained, and no previous tapes have contradicted, that he first learned of the requests for the "hush money" from White House counsel John Dean 3d at a March 21, 1973, meeting in the Oval Office. The date became Mr. Nixon's principal line of defense in rebutting charges that he was aware of the Watergate cover-up earlier than March 21.

Yet 1 1/2 months earlier, in a Jan. 8, 1973, meeting with his special counsel and intimate, Charles Colson, Mr. Nixon said, "Goddamn hush money, uh, how are we going to [unintelligible] how do we get this stuff..." according to a newly available transcript.

This conversation took place a week before the first news articles appeared about support payments to the Watergate burglars. It had particular relevance because the first Watergate trial began that day. The "hush money" reference is the first such reference in the available White House transcripts.

This and other new transcripts show that Mr. Nixon was keenly aware that these payments were central to the cover-up and, if revealed, would present his greatest personal criminal vulnerability.

Reuters reported that the tapes were obtained by British television interviewer David Frost seven months ago, in connection with his interviews of Mr. Nixon.

According to Richard Zelnick, a Frost aide, Mr. Nixon was confronted with the taped material in the Frost interviews. He did not say how the former president responded, but described the atmosphere between the two men as "tense."

["The first of the four Nixon-Frost interviews will be shown Wednesday in the United States."] The transcripts also contain the first documentation that:

- Mr. Nixon feared Dean would expose his contact with Thomas Pappas, a major Republican fund-raiser allegedly involved in raising "hush money."
- Mr. Nixon privately expressed concern that the cover-up might be unraveled a month before Watergate burglar James McCord exposed it publicly.
- Mr. Nixon and his top aide, H. R. Haldeman, intended to use the then secret presidential taping system to rebut Dean's charges while still keeping the

The Hush Money

The Jan. 8 Nixon-Colson meeting in which Mr. Nixon asked about "hush money" reveals a degree of early cover-up discussion by Mr. Nixon not previously known.

The discussion opened with Colson reassuring Mr. Nixon that none of the defendants in the first Watergate trial would testify. Within a week, five of seven defendants had pleaded guilty.

The day before the Jan. 8 meeting, then Senate Majority Leader Mike Mansfield, D-Mont., announced that a Senate committee would conduct a full-scale probe of Watergate. Mr. Nixon and Colson expressed concern that a Senate committee would present a greater problem than the trial of the seven defendants.

"We've got to play every string we've got here, don't you agree?" Mr. Nixon said. "Goddamn it, the Congress has voted the investigation while they are still in—I think that's why the court proceeding has its advantage. As long as that court proceeding is on, the Congress should keep its goddamn hands off."

Mr. Nixon characterized former

(Continued on Page 3, Col. 1)



FLIGHT AND PURSUIT—A woman uses cloth to protect herself from tear gas fired by police during Madrid demonstration. Below, police move in on demonstrators.



Clashes Also Erupt in Spain

39 Slain as Gun Battle Shatters Turkish Rally

Spain

MADRID, May 1 (UPI)—In Spain's most violent May Day since the Civil War, thousands of helmeted riot police fired rubber bullets and smoke flares today to disperse crowds of leftists trying to celebrate the labor holiday despite a government ban.

At Madrid hospitals 200 persons were treated for injuries, the Socialist General Union of Workers said. They included a 40-year-old man hit in the face by a police smoke flare. Bilbao hospitals reported 15 injured. Dozens of persons were arrested.

The national news agency, Cifra, said shots were fired in central Madrid's Puencarral area—some by 15 suspected rightists

who attacked leftist demonstrators and others by the passengers of a car who fired a submachine gun at a police jeep.

Cifra said the occupants of the car—two men and a woman—were later arrested. It was not known whether the shots hit anyone.

The violence erupted three days after the formerly outlawed labor unions applied for legislation under a new law which, the government has said, grants Spanish workers the rights that labor enjoys in other Western countries.

Surprise Decision

But in a surprise decision Friday—while Premier Adolfo Suarez, now back in Madrid, was meeting with President Carter in Washington—Interior Minister Rodolfo Martin Villa banned the May Day celebrations which the unions had planned in 40 cities.

The Interior Ministry said it did so because of a danger of violence. Labor spokesmen said the celebrations would be held anyway, because they had taken all measures to guarantee that the meetings would be orderly.

Political sources said the government's true motive for the ban was to avoid causing new irritation to the army, which had shown a strong backlash to the recent legalization of the Communist party.

Here in Madrid, revolutionary groups tried to stage demonstrations in various parts of the city center. The three main labor unions—one Communist and the others Socialist-dominated—called for an orderly rally at a football stadium in the workers' suburb of Vallecas and said they expected it to draw more than 100,000 persons.

Police Move In

As helicopters hovered overhead, police blocked all roads leading to the stadium. Riot squads and mounted police moved in on the crowds walking toward the stadium in groups of up to a few hundred. The marchers carried red flags and banners demanding workers' rights and chanting "Unity, unity." They were orderly at that time.

Police fired rubber bullets and

Turkey

ISTANBUL, May 1 (Reuters)—At least 39 persons were killed and about 200 wounded today when a huge May Day rally in central Istanbul turned into a gun battle with ultra-leftists pitted against police and trade unionists, police said.

Panic broke out as bursts of shots scattered a crowd estimated at about 150,000 in Taksim Square. Snipers on rooftops exchanged fire with police as people scrambled for cover. Cars went up in flames and exploded.

The windows of hotels, banks and office buildings around the square were shattered by bullets and stones during two hours of clashes. At the end, at least three busloads of people were driven away under police guard, witnesses said. Police said they say how many arrests were made.

At least one policeman was known to have been killed. Another policeman was reported to be in a coma.

Late tonight, occasional shots were still heard in the area, which was littered with broken glass and debris. After paramilitary squadrons moved in to restore order.

The rally was organized by one of Turkey's two big labor confederations, the leftist Disk group. Up to 2,000 ultra-leftists had tried to join the march but were kept at a distance from one of the huge columns of marchers, witnesses said.

Volley of Shots

The firing began as Disk chief Kemal Turker addressed the crowd. He had just called on the ultra-leftists, many of whom are self-proclaimed Maoists, to join the workers in promoting socialism when, according to witnesses, a volley of shots rang out from nearby rooftops.

There also were unconfirmed reports of bombs being thrown into the vast square. As people screamed and tried to find cover, police set off smoke bombs to obscure the snipers' field of vision.

Battles erupted in several central areas of the city.

Police exchanged fire with groups of snipers, many of whom were finally trapped in buildings around the square.

Premier Suleyman Demirel summoned his Cabinet to an emergency session in Ankara tonight to discuss the situation.

The violence broke out as the campaign for Turkey's June 5 general elections gained momentum. The campaign had already been marked by growing violence.

Spill Leaves 45 by 30-Mile Slick

North Sea Oil-Well Blowout Capped on 9th Day

By R. W. Apple Jr.

STAVANGER, Norway, May 1 (UPI)—A crew of U.S. and Norwegian workmen succeeded yesterday in capping the offshore well that shot out of control on Friday, April 22, and dumped millions of gallons of crude oil into the North Sea between Norway and Britain.

Paul (Red) Adair, the oil-disaster expert from Texas, was on the platform when the geyser of brownish oil finally died shortly after 11 a.m. With him were two of his aides, representatives of the Phillips Petroleum Co., which operated the well, and

employees of Moran International, a drilling subcontractor. A dozen men took part in the final effort, the fifth in the last three days.

But Mr. Adair, who arrived Friday, had no hand in developing the strategy that finally succeeded. It was formulated by the manufacturer of one of the pieces of equipment used in the capping.

Robert Archambeault, Phillips' engineering manager, said that the well, named Bravo 14, was sealed off by closing hydraulically operated blind rams—half rubber of steel faced with hard rubber—similar to those that had twice failed to hold on Thursday.

They held this time, he said, because greater pressure was applied.

It was Mr. Archambeault, at Phillips' Norwegian headquarters near here, who received the first word of the success from the Ekofisk field, 180 miles west of Stavanger. Forrest Morgan, the company's offshore manager, reported in a telephone call "Bob, I think we've got this thing whipped."

Cheers and whoops of triumph erupted at the headquarters and employees celebrated with champagne delivered by Joyce Goering, wife of the head of Phillips' Norwegian subsidiary.

"The danger is past," Mr. Archambeault said after hundreds of barrels of a mud compound had been pumped down the well shaft.

About 7.5 million gallons of oil lay on the water around the platform, according to official estimates. Much more than that was spilled, but some of it evaporated and some of it mixed with the sea water and sank.

The Norwegian government estimated that the slick covered an area about 45 miles long by 30

miles wide, with patches of open water within that area. It was drifting slowly to the northwest, away from Norway and toward Scotland.

Hans Christian Bugge, director of the Norwegian anti-pollution agency, said that there was "no real chance" of the slick reaching any coast. He also asserted that the biological effects—harm to fish, birds and other marine life—would be "relatively small" despite the enormous amount of oil that was spilled.

After an inspection tour, two experts from the U.S. Coast Guard recommended that U.S. oil-skimming equipment not be sent to Norway.

Lt. Comdr. Frank Boersma of the Coast Guard's Pacific strike team, based in San Francisco, said that "weather and wave action in the next four days will virtually eliminate any visible oil slick and we can't pick up what we can't see."

There was still some fear, however, of the aftereffects of the spill, the worst since North Sea production began.

Norwegian officials who have

(Continued on Page 2, Col. 1)

Action Bolsters New Delhi Government

Ram's Party and Janata Merge in India

By William Borders

NEW DELHI, May 1 (UPI)—Defense Minister Jagjivan Ram announced today that his political party, the Congress for Democracy, would formally merge with the ruling Janata party, adding more political strength to the government of Prime Minister Morarji Desai.

Mr. Ram's decision, which he had been resisting since he founded the party three months ago, was announced at a jubilant convention of the Janata party, the first meeting after the party had formally come into existence through the merger of four other parties.

The four parties hastily joined forces early this year, united by their common opposition to the government of Prime Minister Indira Gandhi, whom they succeeded in turning out of office in the March parliamentary election. As much as it was a convention, today's mass meeting of their workers was a celebration of that surprising victory.

"Our strength lies in our unity," Prime Minister Desai told the thousands of cheering delegates, who were squeezed into an exhibition hall decorated with marigolds and orange-and-green party flags. "Our party must remain absolutely united and work for the progress and prosperity of the masses."

The parties, whose alliance Mrs. Gandhi had dismissed during the election campaign as



Jagjivan Ram

"an ideological hodge-podge," had met individually in recent days to adopt resolutions submerging their separate identities in the new party called Janata, the Hindi word for "people's."

The decisions were formally announced this morning in short statements by the leaders of the four parties: Ashoka Mehta of the old Congress party, Communications Minister George Fernandes of the Socialist party, Information Minister L.K. Advani of the Jan Sangh, and Home

Minister Charan Singh of the Bharatiya Lok Dal. Like Prime Minister Desai and many others in the new government, all four of those party leaders spent some time in jail under Prime Minister Gandhi's government.

Defense Minister Ram, on the other hand, was a member of the Gandhi government and of every previous Indian government since independence 30 years ago. His dramatic entrance today, to thunderous shouts of "Long live the respected leader," was a reflection of his political staying power.

Mr. Ram, who defected from Mrs. Gandhi's Congress party and from her government on Feb. 3, turning the whole election campaign around, had kept his party separate from the Janata, although allied, so that it could be a magnet for other defectors from the ranks of the Congress party. But he explained today that he had decided to change from an alliance to an outright merger because of the state elections that are expected to be held next month, and because of the way that Acting President B.D. Jatti, a Congress party stalwart, had tried to delay them.

But yesterday Mr. Jatti signed a draft proclamation by the Cabinet calling for dismissal of the nine state governments controlled by the Congress party. Mr. Desai sent Mr. Jatti the draft Friday for signature. The Acting President said he needed time to consider the matter. He delayed signing for 24 hours.

Assad Said to Reject Request By Russia for Military Bases

By Stuart Auerbach

DAMASCUS, May 1 (UPI)—The Soviet Union asked Syria to provide it with military "facilities" but the request was refused, according to a source present during Syrian President Hafez al-Assad's talks last week in Moscow with Soviet leaders.

While the Russians did not use the word bases in their request, the highly placed Syrian source said the intent was obvious. "They wanted to establish military bases on our soil," he said.

The request was made at a time when the Soviet Union is consolidating its influence in the region of the Red Sea, where Somalia has given the Soviet Union limited base facilities for

planes and ships in exchange for Soviet arms.

But the Soviet Union also needs bases in the eastern Mediterranean for its 60-ship fleet, which has sailed those waters since the mid-1950s. The Russians had been using the Egyptian port of Alexandria but, now that relations are badly strained between Egypt and the Soviet Union, they need other facilities for refueling and repairing ships.

Unlike the U.S. Navy, which can refuel at sea, the Soviet Union needs bases to take care of its fleet.

Tactical Support

Moreover, since the Soviet Navy does not have aircraft carriers, it needs nearby air bases for land-based planes that provide tactical support for its ships.

Syria has two small ports, at Latakia and Tartus, on its 100-mile-long Mediterranean coast. The Syrian Navy is the smallest branch of Syria's armed forces. Of about 137,000 men under arms, only 2,500 are sailors.

Soviet ships in the past have used the Syrian ports for refueling and repairs. But the Russians have no permanent bases or facilities there. Nonetheless, one of the promises the Soviet Union was reported to have made to Mr. Assad was to assist in improving the port at Latakia.

According to a source in the presidential party, Mr. Assad was firm in telling the Soviet leaders that they could not build military bases on Syrian soil.

Mr. Assad told the Soviet leaders that such a request makes them no better than the "imperialist" powers—an obvious reference to the United States—that they are always decrying, the source said.

The Syrian leader also turned down a Soviet request to issue a statement supporting the invasion of Zaire by Katangans who had been in exile in Angola.



VICTORY TOAST—Paul (Red) Adair (left) and fellow Texan Angvar (Boots) Hansen celebrate the capping of the blown-out Ekofisk Bravo oil rig in the North Sea.



MARITAL SUPPORT—The wives of policemen march in London yesterday to support demands by husbands for better pay. Escorting demonstrators are policewomen.

Racial Incidents Signal Trouble

U.K. May Face Violent Summer

LONDON, May 1 (AP)—Race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

The pattern has changed dramatically since last summer, he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign."

Community relations officials noted that last year's violence was touched off by the arrival of Asian refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

May Day Marked by Violence in Western Capital

From Wire Dispatches

LONDON, May 1.—Street violence in the West and official rallies extolling Communism in the East marked May Day, the international day of the workers.

Riot police clashed with demonstrators and in some cases resorted to tear gas, smoke bombs and rubber bullets to break up demonstrations in Madrid, Rome and Athens.

The Communist world had its traditional May Day observances of officially staged demonstrations contrasting the virtues of Communism with the evils of capitalism.

In Moscow, Soviet leader Leonid Brezhnev and other Kremlin leaders stood on the balcony of the Lenin Mausoleum overlooking Red Square to watch the passing pageant.

In Peking, the celebrations were turned into a propaganda spectacle lauding Chairman Hua Kuo-feng and his victory over radical opponents.

The scene was less serene in some West European countries. Hundreds of policemen were in action in Spanish cities to enforce a government ban on May Day celebrations.

In Rome, riot police fired tear-gas grenades to disperse an unauthorized rally by hundreds of leftist demonstrators. The Interior Ministry allowed only one trade union rally because a policeman was slain in a recent clash with students.

In Athens, 12 policemen were injured and 20 demonstrators arrested in a clash outside the offices of the General Confederation of Labor.

Violence also flared in Manila, where the police used batons and firehoses to chase away about 100 youths who wanted to demonstrate against martial law.

In Istanbul, more than 30 persons were killed in clashes between leftists and policemen.

In Beirut, three persons died and five were injured as a result of a shooting incident during an otherwise peaceful rally by thousands of leftists in Beirut.

The rally, in memory of the assassinated leftist leader Kamal Jumblatt, drew thousands of leftists and Palestinians, as well as delegates from Arab nations and Socialist parties around the world.

More than 100,000 slogan-shouting, Communist-led workers

smoke flares and then charged

into the city center, often

criminally hitting peaceful Sun-

day strollers.

Near a group of foreign new-

men, a young man walking alone

was knocked to the ground by

several policemen. A doctor at a

first-aid station said he suffered

possibly critical head injuries.

For most, there will be

weeks or even months of wait-

ing. With South Africa heading

deeper into its worst recession

since the Depression, hundreds

of thousands of blacks are jobless,

with thousands more joining them

every week.

Statistics Disputed

The figures are disputed, with

officials putting the rate as low

as 2 or 3 per cent. Labor com-

mittees in the private sector put

it far higher, between 10 and

20 per cent. Prof. F. J. van der

Merwe of the University of Pre-

toritania, a respected labor econ-

omist, estimated the total last year

at more than a million, rising by

15,000 monthly.

The government's unemploy-

ment insurance program, paying

benefits to a total of 32,537 per-

sons, black and white, reaches

only a fraction of the jobless

blacks. The rest, mostly without

welfare or savings, must scrounge

to survive. One consequence has

been a drastic increase in crime,

with 14 persons murdered in

Soweto during the Easter week-

end alone, mostly in robberies.

Although he has resisted calls

for drastic remedial measures,

Prime Minister John Vorster has

acknowledged that black unem-

ployment is one of the country's

"gravest problems." His political

opponents go further, warning

that growing frustrations in the

black ghettos could shatter the

fragile peace that has prevailed

since the rioting last year.

The frustrations have been

compounded by the fact that only

10,000 whites slightly more than

1 per cent. are out of work. The

Rand Daily Mail said: "When

the employed and the jobless are

divided more or less on racial

lines and the situation is further

aggravated by existing racial ten-

sions, it is evident that a time

bomb has been planted in this

country."

Feelings run highest in Soweto,

a ghetto that houses more than

a million persons, nearly a quar-

ter of all urban blacks. One in

five of the township's labor force

is reckoned to be out of work.

In addition, residents face sharp-

ly augmented living costs as a

result of government-ordered in-

creases in rent, rail fares and the

cost of maize flour, the staple

of most blacks' diets.

After several weeks of calm,

students in the township took to

workers marched through the working class districts of Paris in an unusually large May Day parade, foreshadowing a major labor unrest anticipated in months to come.

The police said the marchers totaled 25,000, while the Communist-dominated General Labor Confederation said that more than 100,000 participated.

Georges Seguy, leader of the CGT, said during the march, "This demonstration is the follow-up of all the battles of the last months."

In London, about 5,000 persons marched peacefully from Victoria Embankment to the Speakers'

Corner in Hyde Park during London's annual parade, the police said.

The Chinese celebrations stressed the ascendancy of Chairman Hua and the eclipse of Chiang Ching, the disgraced widow of Mao Tse-tung.

Last year Chiang Ching stole the May Day spotlight but today crowds thronging Peking parks cheered her downfall last October and that of her fellow radicals.

The Moscow parade passed without a speech by a member of the ruling Politburo for the fourth year in succession. Instead, a voice proclaimed over

loudspeakers the "day of national workers' solidarity, struggle against imperialism for peace, democracy and

ty Is Keynote

e Says U.S. Must Admit s on Rights Campaign

ATON, May 1 (NYT). —President Carter's speech to Congress on Tuesday, in promoting a new human rights policy, was realistic and trying to impose its own standards on the rest of the world, the United States administration's most veiled statement to date on human rights.

idge Bars Offer on g Violation

May 1 (AP). —A federal judge rejected a proposal to allow the Soviet Union to sue the United States for violating the law governing 200-mile fishing

rev. Caffrey objected to a section of the proposal that would have allowed a seized trawler to plead nolo contendere in criminal charges of fishing violations. The 275-foot Taranis was the first foreign trawler in the enforcement of the 200-mile fishing zone. It was taken effect on March 1. The crew have been Coast Guard base in April 10. District Court judge he no-contest plea to "trivial, very serious" lawyer, Thomas J. the Soviet fishing intentionally misinterpreted U.S. fishing laws. The fishing legally in U.S. waters and exceeded the 200-mile herring allowance.

oreign Vessels in U.S. Zone

ATON, May 1 (UPI). —A 200-mile limit took effect, there has been a drop in the number of boats fishing off the coast of the United States.

Climbers Fail

DU, Nepal, May 1 (UPI). —An expedition has abandoned an attempt to climb 8,176-foot Dhaulagiri, the highest mountain in the Himalayas.

States would strive to improve the lot of others without being reckless or naive.

In part, the speech was an effort to clarify a policy that has been criticized by the Soviet Union and other authoritarian states for interfering in their affairs and by liberal groups for not going far enough in cutting off U.S. aid to friendly dictatorships like South Korea that violate human rights but whose security is deemed important to the United States.

"Our concern for human rights is built upon ancient values," he said. "It looks with hope to a world in which liberty is not just a great cause but the common condition."

He said that just signing declarations was "not enough." The United States would work "to protect and enhance the dignity of the individual," he added. But Mr. Vance stressed that in pursuing a human rights policy, we must always keep in mind the limits of our power and of our wisdom. The United States must ask a series of questions to determine what should be done in every specific case, he said.

Mr. Vance spoke at Law Day ceremonies at the University of Georgia Law School in Athens, Ga. The speech was broadcast by closed circuit to reporters at the State Department.

Mr. Vance said the sure formula for defeat of U.S. goals "would be a rigid, hubristic attempt to impose our values on others. A doctrine of non-interference would be as damaging as interference. Our country can achieve our objectives only if we shape what we do to the case at hand."

He then listed three sets of questions that had to be answered to determine whether and how the United States should act on alleged rights violations.

First, he said, the United States should examine the nature of the case it confronts and ask itself: What kind of violations? What is their extent? Is there a pattern to the violations? If so, is the overall trend in the country toward concern for human rights or away from it? What is the degree of control and responsibility of the government involved? And is the government willing to allow independent, outside investigation?

Second, Mr. Vance listed questions on the prospects for effective action. These include: Will action promote the overall human-rights cause? Will it improve the specific conditions at hand or make them worse? Is the country involved receptive to U.S. interests? Will others, including international organizations, work with the United States? And finally, does the U.S. sense of values demand intervention even if prospects for results are remote?

Third, he noted questions needed to maintain a sense of perspective. These included the possibility that the United States' own rights record might not be unblemished, that intervention might lead to armed conflict or terrorism, in itself posing a threat to human rights, and that aid cuts might penalize the hungry and the poor.



EXTRAORDINARY SUPPORT—A flamingo at the Philadelphia Zoo is aided by slings after its leg was broken last week by youths who killed eight birds.

Carter Reported Sighting A UFO to Two Groups in 1973

By Thomas O'Toole

WASHINGTON, May 1 (WP). —President Carter filed two formal reports when he was governor of Georgia describing his observation of an unidentified flying object to organizations that collect and promote UFO sightings as unexplained phenomena.

Mr. Carter filed a handwritten report in July, 1973, when the International UFO Bureau in Oklahoma City sent him a printed form and asked him to fill it out and describe his UFO experience. Mr. Carter filed a typewritten report three months later when the National Investigations Committee on Aerial Phenomena sent him a similar form.

Both organizations wrote to Mr. Carter after he offhandedly mentioned the sighting at a Southern governors' conference. Mr. Carter was quoted in several Southern newspapers as saying: "I don't laugh at people any more when they say they've seen UFOs, because I've seen one myself."

"The President's sighting was not an outstanding one," said Heydon Hewes, who directs the UFO bureau out of his Oklahoma City home and has begun to give prominence to Mr. Carter's experience in speeches he has made about UFOs. "What was outstanding is that it showed a new open-mindedness of people like President Carter and a breakthrough in people's attitudes toward UFOs."

A year ago during the presidential campaign, Mr. Carter laughed off a report that he had seen a UFO one night in 1969 in southwest Georgia. He admitted seeing a light in the sky he could not identify but did not call it a UFO.

"A light appeared and disappeared in the sky," he told a reporter covering the campaign. "It got brighter and brighter. I have no idea what it was. I think it was a light beaming me to run in the California primary."

In his 1973 reports to the UFO organizations, Mr. Carter said he sighted a UFO in October, 1969, before making a dinner speech to the Lions Club of Leary, Ga. He said he watched the UFO with 10 members of the Lions Club for 10 to 12 minutes before it disappeared.

Mr. Carter described the UFO "at one time as bright as the moon." He said it changed color and brightness and also changed size, from slightly larger than a planet to the "apparent size of the moon."

"It seemed to move toward us from a distance, stopped and moved partially away," he said. "It returned, then departed. It came close . . . maybe 300 to 1,000 yards . . . moved away, came close and then moved away."

Mr. Carter said the object was "bluish at first, then reddish." He said it was "luminous, not solid."

Carter Foreign Policy Slate: Active Role but Mixed Results

By Bernard Gwertzman

WASHINGTON, May 1 (NYT). —President Carter goes abroad this week to begin to practice at first hand what has come to hold much of his attention in Washington: the conduct and shaping of foreign affairs. He takes with him a record of vigorous involvement but of mixed results.

The Carter administration has achieved nothing spectacular. On the other hand, there have been no diplomatic disasters. There have, however, been what some analysts, including the highly respected Institute for Strategic Studies, consider mistakes.

Perhaps that is because much of the time has been concentrated in developing a new style, a new approach to foreign affairs.

Mr. Carter is not playing the passive role and leaving the influence to any Kissingers; his principal advisers, Zbigniew Brzezinski and Secretary of State Cyrus Vance, are only advisers. Mr. Carter has heavily emphasized a new kind of foreign-policy moralism in expounding his views on human rights and on disarmament. For this he has gained little applause abroad; rather, he has alarmed some of his own allies. He has tended to blurt out views in foreign affairs—a tendency he has tried recently to control—leading some critics to speak of him as an unguarded missile.

In substance, it is too early to draw conclusions. But the new lines of the Carter foreign policy have now been laid. These are some of the trends:

The Soviet Union: The Carter administration came to power declaring a Kissingerian policy with the Soviet Union. Now, it seems to have succumbed to the same preoccupation. The President, however, has won support from both liberals and conservatives by taking a tough stand on the human rights and in offering the Russians a strategic arms limitation proposal that could have been written by the Joint Chiefs of Staff. Having deflected critics of détente who made Henry Kissinger's life difficult, Mr. Carter must try to make détente work and his relations with Moscow have been ambiguous.

The Western allies: Despite Vice-President Mondale's post-inauguration trip and Mr. Carter's own journey to Britain this week, relations with Western Europe and Japan have been notably less than smooth. Aside from economic differences, there have been questions raised about what some of these countries perceive as Mr. Carter's excessive zeal in human rights and nuclear nonproliferation.

The Eastern Mediterranean: Consistent with his campaign pledges, Mr. Carter has given the Middle East, and Cyprus, high priority. On the Middle East, so far the administration has moved rapidly and methodically to talk about final borders, the Palestinian issue and the nature of peace. It is still talk but those issues were the previous administrations' unspeakable.

All have, for nearly 30 years, frustrated the most persistent efforts of leaders and diplomats. The chances that Mr. Carter will

succeed where they have failed seem slim at best. What he must do, however, is avoid making the situation even worse by creating excessive expectations.

As for Greece and Turkey, the administration policy seems destined to win it the enmity of both without winning anything in return. It decided to endorse the Turkish bases agreement Mr. Kissinger had signed and to seek military credits for Turkey. But it yielded to the Greek lobby in Congress and decided not to seek ratification until the Turks in turn yield on Cyprus. The net result is unhappiness in Turkey that the bases are linked to Cyprus and unhappiness in Greece that the Turkish pact has been endorsed.

Latin America: The administration has moved swiftly in two controversial areas—the negotia-

tions for a new Panama Canal treaty and normalization of relations with Cuba. It seems to have handled both sets of discussions adroitly.

But relations with Latin American allies such as Brazil and Argentina have not been handled well. In fact, it can be, and has been, argued that relations with Brazil have turned into a disaster. Brazil's sensitivity about its perceived need for nuclear technology and its potential irritation about thinly veiled references from Washington about human rights violations are simply disregarded by the administration. That has permitted the military regime in the largest and richest country in South America to promote anti-Americanism to reinforce its own base of support.

Africa: The administration in-

herited a dangerous situation in southern Africa and has tried to work closely with the British in keeping pressure on all sides for a Rhodesian transition to black majority rule. It did succeed, where predecessors failed, in getting the Byrd Amendment repealed, in at least a symbolic blow against white rule in Rhodesia. It also seems headed for a more activist course against apartheid but doing nothing is equally risky when the threat of racial warfare grows each year.

China: So far, the administration has limited itself to assuring China of its desire to normalize relations, in keeping with the Shanghai communiqué endorsed by President Richard Nixon. But it has not decided on the proper way to break diplomatic and military ties to Taiwan and at the same time to preserve Taiwan's security, which was a Carter pledge.

Korea: Mr. Carter has said he will do what, ironically, the chiefs of staff had urged before the Korean war: Gradually pull out U.S. troops. But the announcement that the 33,000 U.S. ground soldiers now in South Korea will be withdrawn in five years was followed by new repression in Seoul. How to influence the Korean government—and its human rights violations while at the same time retaining U.S. influence is something the administration has not resolved.

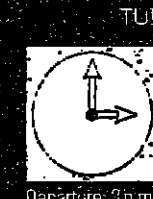
Vietnam: As with Cuba, the administration has moved quickly to let bygones be bygones and to establish a more normal relationship. But the administration has not yet faced the human rights question—in this case, how to harmonize relations with a country where thousands of people are still in "re-education" camps.

SAINT LAURENT
rive gauche

hommes

12 PLACE SAINT-SULPICE, PARIS 6
38 RUE DU FAUBOURG SAINT-HONORE, PARIS 8
46 AVENUE VICTOR-HUGO, PARIS 16

FROM ONLY SUD
PARIS-ROME-TEHRAN.
TUESDAY • THURSDAY • SATURDAY



Reservations
225.99.06+
IRAN AIR
Departure 3 p.m.

Further Tapes Indicate Nixon Knew Earlier of 'Hush Money'

ed from Page 1)
General John Mitchell
He was close to it but
... perjury is a hard
...
then indicated that
of getting the "hush
increased because of
tion then being con-
ed. Edward Kennedy,

medy's Senate Judi-
committee was then
trail of Mr. Nixon's
wyer, Herbert Kalmbach
had up to that
most of the money
to defendants. Sen.
subcommittee had
his records.

mas Pappas

was particularly con-
ceding to previously
ed segments of the
1973 transcript, that
it recall Mr. Nixon's
on March 21, 1973, that
thought Mr. Pappas,
nt Republican fund-
helped Mitchell raise
"hush money" for
defendants.

course of six hours of
n with Haldeman, his
af, Mr. Nixon raised
problem seven times,
repeatedly expressed
that he had recalled
at he had personally
Pappas for the mon-

as, now 77, is a wealthy
rican with substantial
in Greek oil refining,
oil plants, oil tankers,

a Coca-Cola franchise, and a
Boston food importing company.
A man who has begged publicly
for his assistance to the CIA,
Mr. Pappas maintained close ties
with the Greek junta, reportedly
lobbying heavily on their behalf
in the United States.

Active in Massachusetts Republi-
can circles, Mr. Pappas was
among the first to suggest Spiro
Agnew as Mr. Nixon's running
mate in 1968. In 1972, Mr. Pappas
contributed more than \$100,000 to
the Nixon campaign in his own
name. His testimony was unsuccess-
fully sought by the Senate
Watergate committee to discuss
allegations that he funneled for-
eign campaign contributions
through Greece to the Nixon
campaign.

On April 22, 1973, Haldeman
had just reviewed the tape of
Mr. Nixon's meetings with Dean
on March 21, 1973. Haldeman
described how Dean had told
Mr. Nixon of a call to Mitchell
concerning Mr. Pappas and the
money.

Mr. Nixon became concerned
that Dean might recall aspects
of this discussion. After a long
strategy debate with Haldeman,
Mr. Nixon discounted his vulner-
ability to Dean's possible
charge that Mr. Nixon knew of
hush-money payments.

Haldeman then recalled a no-
ticeable acknowledgment by Mr.
Nixon during the March 21
meeting that the president
"knew" of the Pappas money.

"... He [Dean] was going on,
you injected, 'I know,' Halde-

man told Mr. Nixon. "He had
to be damn alert to have re-
membered that and put it down."

Continuing to assure Mr. Nixon
that Dean was unlikely to have
picked up the reference, Halde-
man added a qualification: "Un-
less he's got a tape or something
else."

"I just can't believe that any-
body, that even John Dean, would
come into this office with a tape
recorder," Mr. Nixon said.

The "I know" reference which
Haldeman and Mr. Nixon agonized
over was apparently inaudible to
federal investigators who pre-
pared transcripts of the tape. No
such reference appears in any
transcripts of March 21.

When Mr. Pappas eventually
appeared before the Watergate
grand jury here, he denied con-
tributing any funds for the de-
fendants. The Watergate special
prosecutor was unable to develop
any evidence to show such pay-
ments beyond Mr. Nixon's and
Haldeman's concern.

Unraveling of Cover-Up

Before the March 19, 1973, letter
from Watergate burglar McCord
to Judge John Sirica outlining the
cover-up, Mr. Nixon began pro-
tecting himself from possible ex-
posure, according to the new
transcripts.

On Feb. 13, 1973, Mr. Nixon
articulated his concern that one
of the seven original Watergate
defendants might talk. Everything
will be fine, he said, "unless one
of the seven begins to talk. That's
the problem."

On Feb. 14, 1973, Mr. Nixon told
Colson: "We gotta cut our losses.
My losses are to be cut. The
president's losses got to be cut
on the cover-up deal."

Soon Mr. Nixon reflected on the
"good intentions" of the burglars:
"I mean, this is a tough one, be-
cause there's so many players,
and so goddamn sad I think of
those seven guys . . ."

"So do I," Colson said.
"... who are involved, you
know, Jesus Christ, they did it
with good intentions (unintelli-
gible). Of course, I guess they
must have known that they
had to take this kind of risk (un-
intelligible)."

Later on March 21, 1973, with

Colson, Mr. Nixon discussed help
for the defendants. "That had to
be done," Mr. Nixon said, and
then the transcript indicated he
laughed.

Tapes, Nixon Defense

The new transcripts of April 26
and June 4, 1973, show the extent
to which Mr. Nixon intended to
use his tapes to defend himself
and his closest aides, Haldeman
and John Ehrlichman. First, the
tapes were to be used to refresh
the recollections of Haldeman
and Mr. Nixon. They also were
to be used to chip away at Dean's
accusations, pointing out minor
inaccuracies and inconsistencies.

Mr. Nixon took great comfort
when told Dean kept few notes
of his conversations. The presi-
dent realized the tapings system
would give the White House an
advantage over Dean.

At another point, Mr. Nixon in-
structed Haldeman to tell no one
about the system, not even
Ehrlichman. If the system ever
was discovered, Mr. Nixon sug-
gested, they would say that only
national security matters were
taped and transcribed.

Supreme Court, Jews

A full 186-page transcript of
June 4, 1973, when Mr. Nixon
listened to tapes and talked with
White House press secretary Ron
Ziegler and chief of staff Alex-
ander Haig Jr., deals in part with
Mr. Nixon's reflections on the Su-
preme Court and its ethnic com-
position.

Mr. Nixon told Mr. Ziegler what
he had just heard on tapes of
his conversations with Dean.
"I said, uh, [William] Brennan's
a boob; [Thurgood] Marshall's a
boob," I said, [Potter] Stewart is
a very nice fellow, but weak."

I said, uh, [Byron] White was
above average; I said, uh, [Harry]
Blackmun was above average;
[William] Rehnquist was way
above average; [Lewis] Powell
was way above average; and, of
course, the chief justice [Warren
Burger] was way above average."

[William O.] Douglas, of course,
I didn't even mention him. . .
and I talked about Jews."

Mr. Nixon said.
"Of course," Mr. Ziegler said.

"I said we're not going to
there's no Jewish seat," Mr. Ni-
xon said. "I said, 'I've got them
all around me.' I said, 'I've got
[Henry] Kissinger and I've got
[Herbert] Stein, and [unintelli-
gible].' But I said, 'It's time to
get a few ethnics on the court.'"

Other References

In a reference on April 19,
1973, Ehrlichman and Mr. Nixon
discussed the fading memory of
special presidential counsel Rich-
ard Moore during the televised
Senate Watergate hearings. Seven
days later, April 26, Mr. Nixon
told Haldeman:

"And, uh, well, Moore, Moore
spent some money and Kaibach
spent some money and so forth
and so on and so on, but any-
way, my point is this: speaking
of Moore, there's that and so I'm
gratified. I am also gratified
with Moore's recollection of La
Costa has now dimmed a bit. It
was goddamn sharp when he
was here in the office and I want
you [unintelligible]."

In July, Mr. Moore gained a
reputation during the televised
Watergate hearings for his in-
ability to recall events under
questioning.

A transcript of the June 20,

Dunkerque Port Accord

DUNKERQUE, France, May 1
(AP). —Longshoremen signed an
accord yesterday ending a 50-
day strike at the port of
Dunkerque that cost an estimated
\$10 million in lost revenue
and wages.

FROM ONLY SUD
PARIS-NEW-YORK.
THURSDAY • SUNDAY



Reservations
225.99.06+
IRAN AIR
Departure 3 p.m.



Knowing me...
Knowing you

An assessment of Syrian President Assad's talks in Moscow

- An insight on King Hussein's talks in Washington.
- Sudan's Mansour Khaled on the Red peril in Africa.
- The manuscript of Prophet Mohammed's message to the King of Persia.
- Camille Chamoun spells out the Maronite case in Lebanon.
- The Libyan (or are they Soviet) Blinders

EVENTS The Newsmagazine
on the Middle East
From major bookstalls, hotels
and retailers:
PARIS—LONDON—ROME—MILAN—ATHENS
Subscriptions: 67 Southampton Row,
London WC1B 4ET. Tel: 637 7361

ON SALE
TODAY

9. Homesick.

(A good reason to call home.)

An international call is the next
best thing to being there.

The Horn of Good Luck

The United States is being lucky and looking sophisticated in its retreats and advances in the strategic Horn of East Africa. The expulsion of more than three-fourths of the U.S. personnel from Ethiopia is only the latest in a series of events reversing the diplomatic geography of the region. The radical military dictatorship now running Ethiopia has been shedding a once substantial U.S. connection and turning instead to the support of Libya, Cuba and the Soviet Union. At the same time, the revolutionary regimes of Somalia and Southern Yemen, formerly aligned with the Soviet Union, have been noticeably improving relations with Saudi Arabia and the United States. In this game of musical chairs, it appears that the Russians may be ending up with a fairly wobbly stool.

The U.S. presence in Ethiopia was already dwindling before the expulsions. The Kagan communications station, which recently housed 3,000 Americans, was down to 42 last month and was soon to be closed. Technological advances made it unnecessary, and political change provided the coup de grace. United States military aid had been cut in February to protest human rights violations. Washington was visibly shifting its support to the Sudan, now at odds with Ethiopia, so the expulsions were largely a face-saving gesture on the part of Ethiopia's beleaguered military rulers. They hope that Soviet aid, and perhaps Cuban advisers, can help them withstand the crisis brought on by several simultaneous armed insurrections—by different groups of secessionists, monarchists and ultra-leftist urban guerrillas. The central government would especially like to see the Russians persuade the Somalis to choke off aid to its opponents. It is just as likely,

however, that Soviet credit will diminish in Somalia as it rises in Ethiopia.

Meanwhile, Saudi Arabia, now using its new petro-dollar wealth for regional diplomatic ends, is prepared to move in wherever the Russians falter. The process is already advanced in Southern Yemen, where Saudi capital is proving more powerful than Socialist affinity. And the Sudan's Gen. Numeiri, once considered a left-leaning Arab nationalist, has gravitated toward the Saudis, and toward Egypt's President Sadat, to reinforce his power against presumed Libyan conspiracies.

The cumulative result has been the emergence of a cohesive, generally pro-Western bloc of states stretching along both flanks of the Red Sea and providing a valuable asset to U.S. policymakers grappling with the problems of the Middle East and East Africa. It is an asset that has more or less fallen into their hands, a product of Saudi diplomacy and Soviet misfortune. They must now exploit this good luck.

Recent events throughout Africa testify to the power of new forces emerging in the post-colonial societies. In Angola and, in a much more limited sense, in Zaïre, the United States responded with cold war instincts. But we are beginning to learn—and the examples of the Sudan and Southern Yemen provide further instruction—that most African leaders care more about economic development, internal political unity and white domination in southern Africa than about Communist doctrine and Soviet intentions. The Russians will keep fishing in troubled waters, but they can be countered only with due regard for the Africans' own perceptions and needs. The Horn of East Africa is a good place to apply this useful lesson.

THE NEW YORK TIMES.

Hemorrhage in Hospital Costs

In 1965 the average hospital stay in the United States cost \$311. This year, in spite of new medical techniques that speed recovery, the average bill will be close to \$1,300. With costs escalating 15 per cent annually, the time when hospital beds will cost \$500 a day is just a few years away.

Can this runaway inflation be stopped? The Carter administration is determined to try. The Secretary of Health, Education and Welfare, Joseph Califano, has proposed legislation that would put a cap on hospital revenues and leave the decisions on how to economize to the hospitals themselves. If the cap works, consumers will pay an estimated \$1.9 billion less next year and \$5.6 billion less in 1980 than they would have without it.

What caused the explosion in hospital costs? When consumers decide between brands of cereal, they know roughly what they are buying and how much each box costs. Hospital patients, by contrast, hardly ever know the value of the services they receive, and are less likely to care what they cost. Today, with more than 90 per cent of hospital bills covered by private or government insurance, neither patients nor physicians nor hospital administrators have an incentive to police hospital expenses. As a result, administrators rarely resist doctors' demands for specialized diagnostic and surgical equipment that is hardly ever used. Patients often receive superfluous tests and treatment; standard efficient business practices for day-to-day hospital management are ignored.

In theory, the insurers who pick up the tab could demand a voice in the way hospitals are run. As a practical matter, direct regulation is extremely difficult. It is nearly impossible for outsiders to judge the value of specific treatment for specific patients. Moreover, the potential regulators—the federal government and Blue Cross—are susceptible to a disease that afflicts other regulatory agencies. They may identify with the problems of the regulated, whom they see every day, rather than with the problems of taxpayers and consumers.

The revenue cap is thus a remarkably straightforward solution to what is obviously a very complex problem. It is proposed that

each hospital be permitted to raise its total revenues at the rate of inflation, plus a small increment to reflect the growing need for hospital treatment—a total of 9 per cent next year.

Forced to limit revenues without being told precisely how, hospital administrators and staff personnel would have to confront their own priorities. Since hospitals would no longer be able to pass on excessive expense, they would presumably lose the incentive to admit patients who could be treated outside, to keep those they admit longer than necessary, or to load on extra diagnostic or surgical services.

Unnecessary building and purchases of fancy equipment with dubious value would be similarly challenged. Should a hospital desperately need extra revenue to improve treatment standards, the administration proposes to permit exceptions, but only with the approval of both an HEW-appointed local planning committee and HEW itself in Washington.

Would the proposal work? There is no question that a simple revenue cap would limit total hospital expenditures. If HEW and Blue Cross don't sign the checks, the money can't be spent. The real question is whether costs can be contained without reducing the quality of patient care. Hospitals may reduce expenses by trimming waste; but for internal political reasons, they may cut valuable services instead. In the end, it may be easier for administrators to eliminate a money-losing emergency room that saves lives than to reorganize nursing assignments or to control drug inventories.

Any attempt to manage medical costs entails this risk. To do nothing about hospital cost inflation, however, is surely worse than to risk some deterioration in patient care. Administration officials concede that the plan is no long-term solution. In the next few years a system must be designed to tackle the problem directly, by setting standards of practice and providing for the review of existing hospital procedures. But before deciding on radical surgery, the administration ought to be allowed to apply this tourniquet to stanch the bleeding.

THE NEW YORK TIMES.

International Opinion

Chirac's Power

Publicly and for all to see, Mr. Jacques Chirac emerged from Thursday's debate in the National Assembly as the effective governor of France. When he broke with President Giscard d'Estaing in August, when he regenerated the Gaullist party, and when he beat the President's nominee to become mayor of Paris, he demonstrated his ability to make the President his prisoner. On Thursday Mr. Chirac matched the deed to the word. The debate on the government's

plan to revive the French economy was a disaster and a humiliation for Prime Minister (Raymond) Barre, and for the President.

Chirac, haughtily absent in the Paris city hall, allowed himself to be summoned to the Assembly, told the Gaullist MPs that the Barre plan was a mess but that they should save the government all the same to keep the opposition out. So they did. It was a gesture of triumph but also of disdain.

—From the Guardian (London).

In the International Edition

Seventy-Five Years Ago

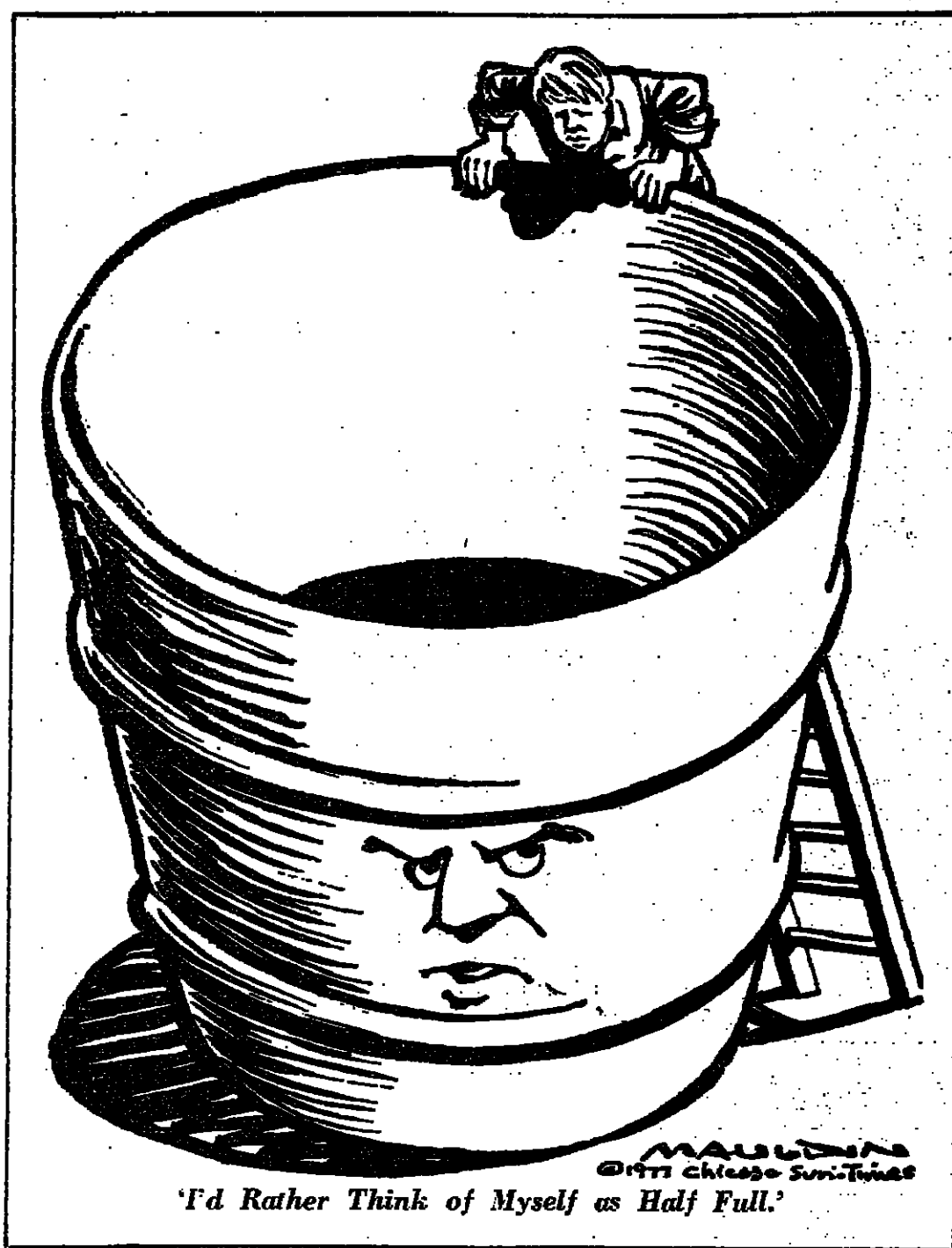
May 2, 1902

PARIS—"After all," said this morning's editorial in *Figaro*, "one would really have to be irretrievably dull in arithmetic not to be able to see that in last Sunday's election returns two of the numerous political fractions into which the French divide themselves were less favored than the others. These were the Anti-Semites and the Socialists."

Fifty Years Ago

May 2, 1927

PARIS—"For the last several years we have heard of 'Ben Hur' being carried to the screen, and for the last 12 months of its success. Now Paris, a year after New York, is enjoying Gen. Lew Wallace's story. The film cost \$3 million to make and has *Paramount* as the star heading a cast of thousands that includes Francis X. Bushman and May McAvoy.



Wind at the Summit

By James Reston

WASHINGTON.—The seven leaders of the industrial nations have so many things to discuss at their London summit meeting that they will scarcely have time to define the issues, let alone resolve any of them.

First they have to get to know one another, and clear away some past misunderstandings. For example, the West Germans think President Carter has been too pushy and schoolmasterish in trying to control the development of nuclear power in other nations, and they did not like his original approach to the summit. Early in the planning, Chancellor Schmidt sent Carter a long analysis of the world commodity price problems. His aides say the President never replied but later wrote Schmidt and asked whether he had any thoughts about what should be discussed in London.

Carter's staff has a different story. They say that the Chancellor did address the President on the commodity question, but that this was in the form of what they call a "non-paper" (what-ever that is), and that the President did acknowledge it. Since then, they add, there have been several amiable and constructive discussions between the two men on the telephone.

Main Object

Still, the allies have learned in recent years that the character and personality and attitudes of American Presidents and their principal advisers often determine U.S. policy. Kennedy on Cuba, for example, Johnson and Nixon on Vietnam, Secretary of State Kissinger on the Middle East, and Secretaries of the Treasury Connally and Simon on world finance—so the main object of analysis at this summit is likely to be Jimmy Carter himself.

Actually there will be four separate summit meetings in London: the general meeting of the seven; a separate meeting of Carter, Prime Minister Callaghan of Britain, President Giscard d'Estaing of France and Schmidt of the future of Berlin; a meeting of the North Atlantic leaders on the modernization and standardization of weapons and their relations with the Warsaw Pact countries; and finally, a series of bilateral talks on subjects of special interest to two nations.

In the general meeting, they are expected to work out procedures for coordinating their approach to world monetary and trade problems; to issue a declaration opposing trends toward protectionism and defending the principle of free trade; to strengthen the International Monetary Fund and increase the resources of the World Bank; and then to establish some kind of

commodity fund to help provide for stability in world commodity prices. Nuclear cooperation and particularly the problem of recycling nuclear fuel are also on this agenda.

Moscow, Mideast

In addition to the modernization and standardization of weapons, the NATO meeting will review their relations with Moscow in the light of the Soviet Union's resentment of Carter's human rights policies, and also analyze the developing problems of the Middle East and southern Africa.

What they are hoping to convey in these few days is a new sense of direction and coordination, not only with the NATO alliance, but in dealing with threats to the peace in other areas of the world.

With so much to do in so short a time, the tendency of such meetings is to evade the tough questions and smother national differences with agreeable generalities about the interdependence of the world.

Also, this is an awkward time for these leaders to agree to bold reforms that might enhance international cooperation at the expense of powerful national forces, for most of these seven leaders, with the marked exception of Carter, are facing election in an atmosphere of rising political opposition.

More on Japan

Some things, however, they can do. They will be starting the process of bringing Japan into these world economic and political discussions—a necessary development long delayed. They can improve their procedures for analyzing the increasingly dangerous problems of nuclear proliferation, financial and commodity instability, and competitive world trade.

And perhaps of some importance on the side, the allied leaders may be able to persuade Carter that his pronouncements on foreign policy inevitably affect the interests of many other countries, and even of their internal policies, and that therefore they would like to hear his intentions in advance before they read about them in the newspapers.

Carter is not insensitive to the politics of differing interests of his allies, but he has been preoccupied with many other things, and the allies are less able than he is to move at his pace and conform to his policies and public pronouncements. Also, there is a growing feeling in Washington that, despite everything he has said about encouraging dissent from his Cabinet and White House staff, they are not talking up when they disagree with Carter's tactics on nuclear energy.

human rights and other sensitive issues.

In the meeting of the seven in London, it is doubtful that these past differences will come up, but in the private bilateral talks, particularly with Schmidt, they can scarcely be ignored. Other leaders have different problems.

Giscard d'Estaing, for example, is facing a tough election against Socialist and Communist opposition. Obviously, Jimmy Carter is going to be asked increasingly in the coming months what he thinks about the rise of European communism in France, Italy, and elsewhere—and anything he says on this subject is likely to run counter to his intention.

So it will be useful if these problems are discussed in advance. Jimmy Carter will no doubt be trying to educate his allies on how he wants the world to go, and they will be trying to educate him about the way the world is. It will be a summit of modest expectations, for in the present state of the free world all nations have much to be modest about.

God and Death in Ireland

By C.L. Sulzberger

LONDON.—The only legally accepted and prominently recognized leaders of a United Ireland, including both the Republic of the south and the British province of the north (Ulster), are the three principal religious chiefs.

It is peculiarly paradoxical that amid a people torn by sectarian rivalries the Roman Catholic primacy, the primacy of the Church of Ireland (equivalent of the Church of England) and the moderator of the Methodist Church, is each accepted as head of his faith by all of the latter's adherents in both segments of bloody Ireland.

Now, since the death of William Cardinal Conway, archbishop of all Ireland's Catholics, the Vatican faces a delicate problem in selecting his successor. For this is a political as well as purely religious matter. The papal diplomatic envoy in Dublin will have measurable influence in suggesting a replacement.

The Irish church is considerably more conservative than most Catholic congregations today. All through Latin America, in France, Belgium, the Netherlands, West Germany and even Italy, the Roman clergy strongly reflects the profound social and political revolution inspired by Pope John XXIII. Many Catholics there are open-minded men, the kind who would have been called "liberals" before that word became distorted.

Rugs, solid, like a former time. Yet in repressed lands like Brazil, Chile and South Africa, Catholicism's hierarchy is frequently in the forefront of liberalism's ranks and nowadays in Spain there are far more "leftists" than "rightists" among the priesthood, to use a comparative classification.

Contemporary Ireland thus becomes a matter of much political importance to the Vatican's image and also to the philosophy it wishes to stress. The choice of Armagh's new archbishop has significance, not only among the Irish but also among their many American kinfolk.

NEW YORK.—British management—its style and purpose—baffles me. I have functioned as a manager. I have advised scores of British firms on management and latterly I have scrutinized their productivity as a member of a House of Commons committee. At the heart of my dilemma is the same reaction that visiting American executives have when faced with recruiting the local British managers seem to lack any honest-to-goodness motivation to do the job.

Two recent reports, one by a private firm, Opinion Research Centre, and another a confidential report for a government department, confirm this motivation problem. There are more than 1 million British managers, ranging from company chairmen to front-line supervisors and, according to opinion research, they are embittered, demoralized and demotivated.

As a result of pay freezes, taxation and inflation, their standard of living has fallen. Some are living off capital, some are sending their wives out to work and they are having to cut back on food, selling their cars and are not getting proper relaxation from their jobs because they cannot afford to go out, entertain at home or take proper holidays.

The second report, not yet published, also touches on the problems of pay, inflation and taxation. But it also criticizes British managers as being poorly qualified, lacking in entrepreneurial flair and being rather bad at their jobs. Their poor performance gives a poor image, which in its turn insures that good recruits are not attracted to management, thus producing even worse results for the future.

This supports my own suspicion that, while lack of motivation may contribute to our troubles, it is not the root cause of them. Having talked to a dozen U.S. executives who share my view point, I am convinced that it is the system and style of our management that is the fundamental fault. Two aspects of the problem can be isolated.

First, too few firms have systematic management development programs, so that there is little overall assessment of the elements of a man's performance between the selection, appraisal and training functions. Once recruited, the executives are left to their own devices, with no training in competence, let alone rooting it out, scarcely exist.

Too many executives fail to do their best work because they are doing the wrong job, and neither they nor anyone else has ever assessed the reasons why.

Secondly, Britain's managers are less well-qualified than their opposite numbers abroad. This partly reflects the failure of the education system to meet industry's needs, but it also reflects the poor quality of potential recruits. For example, one company seeking 30 university graduate engineers, interviewed 117, only seven of whom met the required standard.

The failure of the best-qualified graduates to come into industry reflects very largely the poor image industry has in Britain, which is exacerbated by the way

in which the media reports trial matters, giving rise to stories that show things in bad light and dramatizing trial conflict.

Fred Schriever, an managing director of the British subsidiary of the Group Inc. in New York, issues this way: "It is a simplification to relate management performance to pay and taxes. They are but two factors. The fundamental differences between countries reflect different life-styles."

"The American execs generally submerge himself easily into the goals of the nation, while his British part stands back and regards company as only a part of life, and not a very important part at that. He is, as a more rounded and individual."

It is possible that we much emphasize on the of life approach for, Schriever says, "It's a situation: If the British were able to gain more, he might then be prepared faster and alter his out forgo some of the quality of life, even his interest in the life-style."

But, however inadequate, paid or motivated it manager may be, he is have to learn a different within the next two major government comm introduce worker participation level in industry confirmed by the massive report of a Social Industrial prepared under the dr Lord Bullock.

Of course, the first from the employers (Union of British Industry, frantic and hysterical, managers' own body (Institute of Management), rather more cautious.

The main proposals Bullock report are: the have equal representation company boards with holders, a third group independent directors; that representatives be selected recognized trade unions industrial democracy, to supervise the operation with the objective rise that workers as holders have equal principle that will be into new company law.

The introduction of directors on these lines considerable demands of merit. But ironically, spark off not only a improvement in comm inside industry, but it provide the stimulus sharpen up manager prospect to his job.

Eric Moonman, a Lab of the British House of is chairman of the all-Parliamentary management and was a senior fellow in management at the University of Manchester to his election to Parliament in 1966. He wrote this. The New York Times.

Obituaries

Ivy Litvinov, 87, English Wife Of Stalin's Foreign Minister

HOVE, England, May 1 (NYT).—Ivy Litvinov, 87, widow of Maxim Litvinov, a Soviet commissar for foreign affairs under Stalin, has died at her home here, friends reported Friday.

Born in England as Ivy Low, she moved to Moscow with her husband after the Russian Revolution. Her husband served as Soviet ambassador to Britain and was ambassador to the United States from 1941 to 1943.

Twenty years after the death

of her husband in 1953, she returned to live at Hove, a South Coast resort. Mrs. Litvinov, the author of two books, was a popular hostess during her husband's tenure as ambassador in Washington.

She was the daughter of Sir Walter Low, a British scholar and the former Agnes Herbert, a novelist and critic. She herself began to write as a young girl and she met Mr. Litvinov when he was a revolutionary exile who was teaching in England. They were married in 1916.

In the Soviet Union, she taught English, edited a Russian-English dictionary and persuaded the Soviet government to adopt Basic English as an army course. According to some reports, she tutored Stalin in the English language.

In 1968, the New Yorker published a short story by her that she had sent, along with two other stories, to the magazine from the Soviet Union through the mail. The New Yorker published all three and they became part of a book, "She Knew She Was Right," published here in 1971.

A review in the New York Times Book Review termed it "a delightful collection of short stories whose subtle charm draws the reader into a trance of pleasure, insight and wit."

Her other book was a detective story based in Moscow called "His Master's Voice."

In 1972, she received, for the first time in more than 10 years, permission to leave the Soviet Union for England, where she remained.

Ex-King Mwambutsa

GENEVA, May 1 (Reuters).—Former King Mwambi Mwambutsa IV of Burundi, 65, who fled his seat in central Africa in 1966, has died here following an illness, a member of his household said yesterday.

He had been in a hospital but returned to his apartment in a Geneva suburb at his own request and died there last Tuesday.

The former king arrived here in November, 1965, a few weeks after an abortive mutiny in Bujumbura, the Burundi capital, during which the royal palace was attacked. He never returned, being deposed in July of the following year by his son, Crown Prince Charles, who is now in the hands of the rebels.

He was the son of the late King Ntare Rukundo, who was then Premier Michael Micombero.

Gianni Cucelli

MILAN, May 1 (UPI).—Gianni Cucelli, 60, one of Italy's greatest tennis champions, died early Friday, relatives said. Mr. Cucelli was Italy's singles champion five times in the 1940s. He also captured the doubles crown 10 times with various other players.

Six Dissidents Rounded Up by Prague Police

PRAGUE, May 1 (Reuters).—Six signatories or sympathizers of the Charter 77 human rights manifesto have been rounded up by the police here during the last three days, dissident sources said yesterday.

Psychologist Jiri Nemec and art historian Vera Jirousova were picked up Thursday at their homes, which were searched by the police. Both are signatories of the charter.

Two other persons, Milan Vopalka and a man identified as Mr. Aud, were also detained at Mr. Nemec's home. They were described as members of the so-called Czechoslovak underground movement of unorthodox musicians and artists.

A former priest and singer, Svatopluk Karsak, who was jailed for eight months last year in the trial of the Plastic People pop musicians, was detained on Friday. A friend of Mr. Nemec, Václav Lenda, was also reported to have been detained yesterday.

Carter Gets Plan On Illegal Aliens

WASHINGTON, May 1 (NYT).—A Cabinet group has recommended to President Carter an extensive new policy intended to bring 6 million to 8 million illegal aliens into the mainstream of U.S. life but also to slow the "hidden invasion" across the nation's borders.

The new policy would permit most illegal aliens to legalize their status and thus to stay in the United States. But sanctions would be imposed on employers who knowingly hire future illegal aliens and more money and manpower would be allocated to guarding the nation's borders.

As a longer range policy, the recommendations call for foreign policy initiatives centering on economic aid, trade and investment to make staying home more attractive to those who might otherwise be tempted to immigrate to the United States.



PRESSING NEED—A Haitian vendor in Port au Prince makes good use of a soccer ball as headgear.

Volunteers Reported Training At Camp Near Addis Ababa

By John Dantron

ADDIS ABABA, May 1 (NYT).—The government has set up a training camp for thousands of militiamen about 20 miles north of the capital and the camp has already begun receiving truckloads of volunteer fighters, reliable sources said yesterday.

The report is the strongest sign so far that the military council is preparing to launch a major offensive, using tens of thousands of armed peasants and urban workers against rebel groups in the northern provinces of Gondar and Bahr.

The sources said that the camp, located near the town of Sigamida, was equipped to handle two shifts of 50,000 volunteers, who would undergo several weeks of intensive training before making the 300-mile journey in truck convoys. Two nights ago, 150 trucks carrying volunteers were reported to have reached the camp.

A year ago, in what was called the "peasants' march," the government sent more than 125,000 peasants, ill-prepared and poorly armed, into combat against guerrillas fighting for the independence of Eritrea. The attackers were quickly repulsed.

Rightist Army

This time, observers believe that the civilians would be pitted primarily against a rightist army called the Ethiopian Democratic Union, numbering several thousand, in the province of Gondar, next to the Sudanese border. The E.D.U., whose leaders held positions under Emperor Haile Selassie, is trying to overthrow Ethiopia's Marxist government. It has had some initial success, capturing several towns along the border.

Like the Eritrean secessionists, the E.D.U. is being supported by the Sudan and so a major counter-offensive involving thousands of armed civilians close to the border runs the risk of growing into an all-out Ethiopian-Sudanese conflict.

In other signs that a campaign is being laid in supplies of gasoline and provisions. It is receiving contributions of tents, money and blood from the people, who were told 18 days ago to await "an emergency call of the motherland."

In the government-owned Ethiopian Herald, attacks on the Sudan and Egypt have reached a virulent level. It is a significant shift.

Russians Receive Protest by U.S.

MOSCOW, May 1 (UPI).—The U.S. Embassy has filed a protest with the Soviet Foreign Ministry over the action of Soviet police in preventing invited local guests from attending functions at the embassy.

Police guarding the entrances to the Moscow Embassy turned back Soviet guests arriving for dinner parties, sources said. The action was protested as an intolerable constraint on access to the U.S. Embassy, which is guaranteed under normal diplomatic protocols.

Meanwhile, the Soviet Foreign Ministry has again raised its protest against the private showing within the U.S. Embassy community of movies it considers "anti-Soviet slander." The embassy rejected the protest.

France, Somalia Close Air Shooting Incident

PARIS, May 1 (Reuters).—France has protested to Somalia about an air incident last month above the Gulf of Aden in which a Somali Air Force MIG-17 fighter opened fire on a French patrol plane without hitting it, informed sources said here.

The two governments agreed to maintain silence over the March 25 incident, the sources said. French and Somali officials here said yesterday the incident had been settled and the matter was closed.

Many Quit as U.S. Is Pressured to Pull Out Panama Canal Workers Fear the Future

By Leonard Greenwood

PANAMA, Panama Canal Zone, May 1.—Maj. Gen. Harold Parfitt, governor of the Canal Zone and president of the U.S. government-owned Panama Canal Co., says that the morale of U.S. workers in the zone is "devastatingly low," many are quitting and operating efficiency—a source of pride for more than 60 years—is endangered.

He said that mounting pressure for the United States to turn over the 50-mile canal to Panama and delays in working out future guarantees for U.S. citizens living in the colonial atmosphere of the zone have caused widespread apprehension.

"Living in the Canal Zone today is like a love affair that has gone sour," said Frances Ponder, the wife of a fourth-generation resident of the zone. "All these years it's been beautiful and we have regrets about leaving but it's over now and time to go before the bitterness sets in."

Of those quitting at double the normal rate of attrition, many are key personnel, including dredge and tugboat masters, mechanical and electrical engineers and top machinists.

Pilots, Doctors Going

Four of the 44 who resigned from January to March of this year were canal pilots. A number of doctors and nurses, who take care of 3,500 U.S. workers and 14,000 Panamanian employees and their families, also are resigning.

The company is devoting more time and money to the search for replacements, personnel chief John Wagner said, but with disappointing results. "One recruiter spent three months touring U.S. ports looking for pilots, and didn't get one," another company official said.

Also militating against their efforts is the memory of a six-day "stickout" by pilots and tugboat operators a year ago, a work stoppage that produced a backlog of more than 175 ships waiting to transit the canal before Gen. Parfitt modified a company-proposed pay freeze.

"To keep the canal running, I play on my pride... They still have a lot of pride but it's tattered and torn. Only the tremendous skill and dedication of the people here keep this aging operation running so well, after so long," Gen. Parfitt said.

"It's not easy for a newcomer to understand Zonians. And by the time you do, you can no longer be completely objective. It's a very personal commitment."

Army Engineer

Gen. Parfitt has his own commitment. He served as lieutenant governor of the Canal Zone from 1965 to 1968 and could have chosen not to come back as perhaps the last governor. Like all previous

governors, he is a career officer in the U.S. Army Corps of Engineers, which built the canal between 1904 and 1914.

"It wasn't just the Army Corps of Engineers, it was also the laborers who toiled in awful conditions," Gen. Parfitt said of the construction team. "Many employees today, American and Panamanian, are grandchildren and great-grandchildren of those men. Now this world is about to change. They find that hard to accept."

It has been three years since Henry Kissinger, then secretary of state, and Panamanian Foreign Minister Juan Antonio Tack declared eight principles for negotiating a new treaty.

They recognized that U.S. jurisdiction over the Canal Zone, a 10-mile-wide strip of land, soon would end and that the United States would continue to run the canal and have responsibility for its protection for only a limited time after that.

Delay of 3 Years

Both sides agree that U.S. jurisdiction will end three years after a new treaty comes into effect. The canal company's police and courts will then go out of existence and the area that is now the Canal Zone will become Panamanian-run.

The treaty is expected to run approximately until the end of the century, but Panama is pressing to take over the canal sooner, leaving the United States with military protection responsibility only until the year 2000.

Thus far, however, nothing concrete has been agreed upon and little is clear. In Washington, administration sources say a new treaty might be reached by early summer. But for three days last week, the Panama Canal subcommittee of the U.S. House of Representatives held hearings here in Balboa under a barrage of criticism over the delays.

There is as yet no program for phasing out the 14 U.S. military bases in the Canal Zone. It is not known who will protect the canal in the next century or who will guarantee its neutrality.

A crucial problem is the question of future working and living conditions for U.S. citizens who elect to remain as pilots, tugboat and dredge masters, engineers, electricians and tool-makers.

Having nothing on paper works canal company employees.

Los Angeles Times

Hanoi Refuses Offers to Buy U.S. Weapons

By Bernard Weinraub

WASHINGTON, May 1 (NYT).—The Vietnamese government has turned down requests by several African and Asian nations to buy U.S. weapons that were left after the collapse of the South Vietnamese government, according to State Department and Pentagon sources. The Vietnamese also have declined to supply guerrilla movements in Thailand, Malaysia and the Philippines, the sources said.

Vietnam's refusal to sell part of its huge stockpile of U.S. weapons—many of them no doubt in poor condition—is attributed, in part at least, to a desire to cement economic links with Western nations, including the United States, and to reluctance to be labeled an "exporter of revolution."

Among the nations believed to have offered to buy weapons are Libya, Ethiopia, North Korea, Peru, Pakistan and Turkey.

The cost of the equipment left in Vietnam, which includes jet fighters, tanks, armored personnel carriers and air transports that are largely out of commission, is estimated at \$5 billion. Nearly 1.6 million rifles and 130,000 tons of ammunition were seized by the Vietnamese Communists when the Saigon government fell, according to the Pentagon.

"The equipment is largely a burden and most of it is rusting," an authoritative source said. "The Vietnamese don't have the supply pipeline to keep it going. On the surface it would seem like a great asset—a way of obtaining foreign exchange—but political considerations seem to have overruled any sales."

U.S.-Mexico Pact On Convict Swap May Be Delayed

WASHINGTON, May 1 (NYT).—Potential constitutional difficulties with a five-month-old treaty that provides for an exchange of prisoners between the United States and Mexico are threatening to delay further its ratification by the Senate and to cause a legal tangle in U.S. courts if the treaty ever takes effect.

Justice Department lawyers, who have worked since last year drafting legislation to implement the treaty, now say they believe they have resolved the thorniest of the provisions which would deny returning Americans a chance to challenge their Mexican convictions in U.S. courts.

But the department's legal draftsmanship will still have to be approved by the House and Senate Judiciary Committees and some civil rights lawyers believe that further modification of the treaty itself may be required by the Senate Foreign Relations Committee.

A Justice Department official said this week that the draft legislation needed only to be approved by the House and Senate before being sent to Congress, where it should arrive in a few days. But a Senate aide retorted that the department had been promising speedy delivery of the legislation since January.

In interviews and in letters sent to friends and families in the United States, many of the prisoners have alleged that they were arrested and searched in Mexico in a manner that would have violated U.S. constitutional standards or that they were tortured or otherwise coerced into signing confessions. The principal question, according to Joel Gora, the acting legal director for the American Civil Liberties Union, is whether "someone can be confined in an American prison, having gotten there through methods that violate the American Constitution."

Senate Unit to Probe 'Vanished' Uranium

WASHINGTON, May 1 (AP).—The Senate Select Committee on Intelligence, concerned about the spread of atomic weapons, will investigate reports that 220 tons of uranium vanished from an ocean freighter nine years ago and ended up in a nuclear reactor in Israel.

According to published reports, the uranium probably is being used to fuel a power plant in the Negev Desert that produces enough plutonium each year to build a bomb of the size dropped on Nagasaki. "The committee is interested in asking concerned agencies what they know about these reports," a source said.

Italy Suspends Habeas Corpus For Terrorists

ROME, May 1 (NYT).—The Italian government has suspended the right of some prisoners to be freed pending trial if their case has not been brought to court within maximum time limits.

The decree, announced yesterday, follows the killing in Turin Thursday of a lawyer who was to serve as court-appointed defense counsel for members of an extreme-left terrorist group known as the Red Brigades. The murder was believed to be a delaying tactic to permit group members' release pending trial. The trial is to start Tuesday.

Fulvio Croce, 76, shot several times at close range, was scheduled to defend 53 members of the Red Brigades accused of terrorist activities and put under preventive detention three years ago.

Trial delays caused by a backlog of about 2 million court cases have led to the release of thousands of accused criminals under a 1974 provision limiting detention without trial.

Groups have used delaying tactics to take advantage of the 1974 provision, disrupting courtroom procedures, insulting and firing lawyers, refusing to accept court-appointed lawyers. They have also threatened the lives of witnesses and lawyers.

Ford and Nixon Receive Regular Policy Briefings

WASHINGTON, May 1 (AP).—Former Presidents Gerald Ford and Richard Nixon are receiving regular briefings on secret relations between the United States and foreign nations, President Carter said.

Mr. Carter made the disclosure in a question-and-answer session Friday with the board of directors of the Radio Television News Directors Association. The White House released the transcript yesterday.

The President told the group that the two former presidents were receiving briefings from the State Department and the CIA "on secret, unpublished interrelationships between us and other governments. I think this is a very beneficial thing to me to continue this."

Mr. Carter said he had received several letters from Mr. Nixon and had spoken with him on the telephone. "His attitude toward me has been perfect," Mr. Carter said. "He has said that he didn't want to intrude but that he was always available, that he would like to be kept informed."

The President said Mr. Nixon told him he "would always like to have the right to call me if he was concerned about any action of our government but he would always do it privately and in a constructive way; that he would never be critical of what I did in public."

2 Research Groups Say CIA Overpessimistic on Oil Supply

WASHINGTON, May 1 (NYT).—Two private research organizations have taken exception to the CIA forecast of an acute oil shortage in the mid-1980s and the possibility of prices three times greater than present levels.

An analysis by the Stanford Research Institute of Palo Alto, Calif., prepared earlier this year for its subscribers, one of which is the CIA, preceded the CIA report and disagrees with it in several respects.

National Economic Research Associates of New York distributed last week an "appraisal" that said the CIA reached its conclusion "by making a pessimistic judgment on every element of the situation."

Meanwhile, the Federal Energy Administration charged 20 major multinational oil companies with overcharging U.S. consumers by \$330 million between October, 1976, and May, 1977.

The alleged inflation of prices, which the FEA has been debating with the companies for nearly two years, occurred because the companies transferred imported oil from their foreign subsidiaries to their domestic subsidiaries at prices above the fair value, the FEA said.

The Senate ignored Treasury Department objections and yesterday voted a \$30-million annual tax break to independent oil and gas companies. The Washington Post reported. The provision approved 50 to 33, absolves from a special 15-per-cent "minimum tax" for individuals the intangible drilling costs on successful new oil and gas wells, unless the costs exceed oil-related income.

The New York research group said the CIA report was "not the bombshell" it was portrayed to be by President Carter in an April 5 press conference. Rather, the appraisal said, the report "is, as it was intended to be, a handy two-by-four to help the President get the attention of the American public mule."

The view that the CIA report was being used to rally public opinion behind Carter's proposed energy taxes arose from the fact that the White House issued the report April 18, to coincide with Carter's televised talk that night on the energy situation.

CIA sources insist that their report was prepared in the normal course of intelligence gathering. The sources said the 18-page paper was directed to Carter's attention and that he referred it to James Schlesinger, his energy adviser and a former director of the CIA.

Analysis at the CIA feel that the Stanford report does not conflict with the agency's work because the approach was different. The Stanford analysis was "dealing with a long-term resources problem," a CIA source said, whereas the agency was taking a relatively short-term look at energy supplies likely to be produced commercially by 1985.

The Stanford analysts anticipate less demand for energy and more supply than did the CIA.

2d Anniversary Celebrated

BANGKOK, May 1 (AP).—Vietnam yesterday marked the second anniversary of the fall of Saigon to Communist-led forces with rallies, special newspaper supplements and broadcasts lauding the country's "great successes."

Hanoi's official Voice of Vietnam radio, monitored here, said thousands of persons attended a rally in Hanoi's Ba Dinh Square to hear speeches by Communist party and government officials.

Italy Suspends Habeas Corpus For Terrorists

ROME, May 1 (NYT).—The Italian government has suspended the right of some prisoners to be freed pending trial if their case has not been brought to court within maximum time limits.

The decree, announced yesterday, follows the killing in Turin Thursday of a lawyer who was to serve as court-appointed defense counsel for members of an extreme-left terrorist group known as the Red Brigades. The murder was believed to be a delaying tactic to permit group members' release pending trial. The trial is to start Tuesday.

Fulvio Croce, 76, shot several times at close range, was scheduled to defend 53 members of the Red Brigades accused of terrorist activities and put under preventive detention three years ago.

Trial delays caused by a backlog of about 2 million court cases have led to the release of thousands of accused criminals under a 1974 provision limiting detention without trial.

Groups have used delaying tactics to take advantage of the 1974 provision, disrupting courtroom procedures, insulting and firing lawyers, refusing to accept court-appointed lawyers. They have also threatened the lives of witnesses and lawyers.

Sen. Griffin to Retire

WASHINGTON, May 1 (AP).—Sen. Robert Griffin, 53, R-Mich., has announced that he will not seek re-election when his current term expires in 1978. He has served 22 years in Congress.

Research Sheds New Light Mysterious Ways of Bats

By Lena Williams

NEW YORK, May 1 (NYT).—A professor of biology at Cornell College has disputed long-held views that bats fly through scientific methods and that they are not only echolocation but also have echolocation system to determine direction.

Dr. Julia Chase, who has been studying bats for 17 years, says that bats use echolocation, the equivalent of sonar, primarily at night. "Contrary to popular belief, bats do not attack humans nor do they nest in human hair or suck human blood."

Bats spread by vampire bats pose a threat to livestock in parts of Latin America. "There are millions of bats have been exterminated for health purposes, leading Dr. Chase and other scientists to fear that the species is endangered."

"By exterminating these mammals, we are tampering with the balance of nature," Dr. Chase said. "Bats consume billions of insects per day. They provide fertilizer. And most important, the study of bats' echolocation could help us better understand human neurophysiology."

Bats use echo-location, the equivalent of sonar, primarily at night. By emitting high-frequency beeps, that echo or reflect off solid objects, bats are able to determine direction, velocity and distance.

Tests Used Stripes

As proof of her conviction that bats have vision, Dr. Chase cited a pattern-vision test conducted on several bats. The bats are placed in a box and two patterns, one with a vertical and one with a horizontal stripe, are placed in front of them.

When the bat chose the vertical stripe, it was rewarded. When it chose the horizontal stripe, it was given bitter food. After a period of two or three weeks, the bats repeatedly chose the vertical stripe, she said.

Benzene Cancer Agent

NEW YORK, May 1 (AP).—The Department of Health, citing evidence that benzene causes leukemia, has ordered exposure to the chemical to be limited.

Effective May 21, at least 150,000 workers in the rubber industry and in certain chemical and adhesive plants will be required to wear protective gear.

The department said the chemical is a potent carcinogen and that exposure to it can cause leukemia.

The department said it received information from the Occupational Safety and Health Administration that benzene was being used in a variety of ways that could expose workers to the chemical.

The department said it was taking action to protect workers from the chemical.

"Ramada Hotels will have that feel, you know, sort of... yes, quite."

Isn't easy to say what makes a hotel so very different from the luxury hotels. The home comforts? The impeccable service? Our friendly atmosphere? Maybe. All we know is, people can't get enough of it. Because nearly everyone who's stayed with us once, stays again. Try the Ramada experience for yourself. Make a reservation. Whatever it is we do so well, we'll be doing it when you call.

Reservation at any Ramada Hotel call:

Brussels (02) 538.28.32
Paris 946.24.34
Amsterdam (020) 47.29.19
Frankfurt (0611) 59.09.47
Göteborg (031) 51.21.00
London (01) 235.5264; freephone 2146.

RAMADA

TELS BELGIUM: Brussels, LUX: FRANCE: Luxembourg, GERMANY: Düsseldorf, Frankfurt, Leverkusen, Cologne, Baden-Mannheim, SWEDEN: Göteborg, Jönköping, Stockholm, AND: Amsterdam, SWITZERLAND: Geneva, SAUDI ARABIA: Jeddah, U.A.E.: Abu Dhabi, CANADA: (616) 235.5264

RAMADA Geneva

The hotel for executives

City center, tel.: (022) 31.02.41, telex: 28.91.09
220 Rooms fully air-conditioned.

12. The things you saw today.

(A good reason to call home.)

"An international call is the next best thing to being there."

Bond Market Record Volume Is Absorbed With Some Strain

Of the issues just announced, three are particularly noteworthy: Hongkong Land Co. is inaugurating a new currency—the Hong Kong dollar; Union Bank of Switzerland has decided to go ahead with its convertible despite the troubles plaguing Credit Suisse and the resultant credit to the value of Swiss bank

The requirement that subscriptions be paid in U.S. dollars is apparently designed to skirt the withholding tax on interest payments that Hong Kong imposes. Union Bank of Switzerland is back with its second convertible issue in 12 months. It is raising

A month ago, before the news of Crédit Suisse's losses at its Chiasso branch, the share prices of Swiss bank shares were all higher. UBS was then trading at 3,395 francs, which at the

The U.S. economy might not be roaring quite as loudly as it was a month ago in the catch-up phase after winter's damage but the decibels are not much lower. Virtually every sector—even the trade and payments situation—is quite good and showing promise of remaining strong at least through the balance of the year.

But Wall Street was concerned to tighten credit in the money which had been at 4 3/4 per cent Friday, indicating that the Bond prices, as a result, move

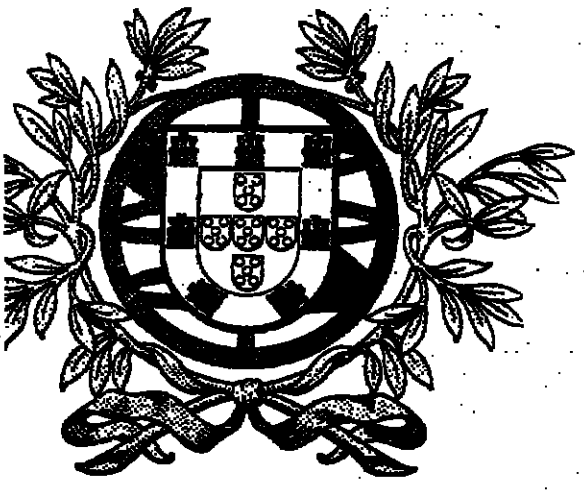
over moves by the Federal Reserve
markets. The federal funds rate,
until recently, edged above 5 per
cent was tightening its policy,
and downward.

But Wall Street was concerned over moves by the Federal Reserve to tighten credit in the money markets. The federal funds rate, which had been at 4 3/4 per cent until recently, edged above 5 per cent Friday, indicating that the Fed was tightening its policy. Bond prices, as a result, moved downward.

Except for the latest figures, which appeared worse than they really are, all of the economic data have been encouraging.

(Continued on Page

هكذا من الأصل



Production Step-Up

**pite Fear of Bankruptcy
ew Sense of Confidence**

By Jose Shercliff

LISBON (IHT).—Despite the bankruptcy which has gripped every sector of the economy today, more and more are appearing for the beginnings of a step-up in national production. The increase in national production is perceptible in the steel and growing common Portuguese emigrants abroad which is them to increase their remittances into the country. The investment in land and re-

aid is increasingly anticipated. One of which Prime Minister res set out to discuss President Jimmy Washington was a one-billion-dollar loan consortium of various which the President of States is sponsoring. The application for membership in the European Economic Community has now been forwarded by the Ministry of Finance. At the same time, the Minister of Finance, Dr. Henrique Medina Carreira, warned the country over the television network that it must change its way

(Continued on Page 10.)

This Section

This supplement was written by James Goldborough, David Haworth, Jose Shercliff and Robert McCloughlin.

The escudo was worth 33.62 to the dollar on Friday. One thousand escudos equals one conto.

Setback

The most serious setback to the government's economic policy is the failure to quell the Communist-led strikes and get back onto its feet. Unemployment is rising and higher wages play a role in both public and private. Another setback is the failure of the government to get back onto its feet. Unemployment is rising and higher wages play a role in both public and private. Another setback is the failure of the government to get back onto its feet. Unemployment is rising and higher wages play a role in both public and private.

one of Portugal's most money-spinners in the years before the change, slumped drastically in 1974 season. It is not, but slowly. This, of partly due to the world it also owes much of political unrest followed April 25th that

unemployment

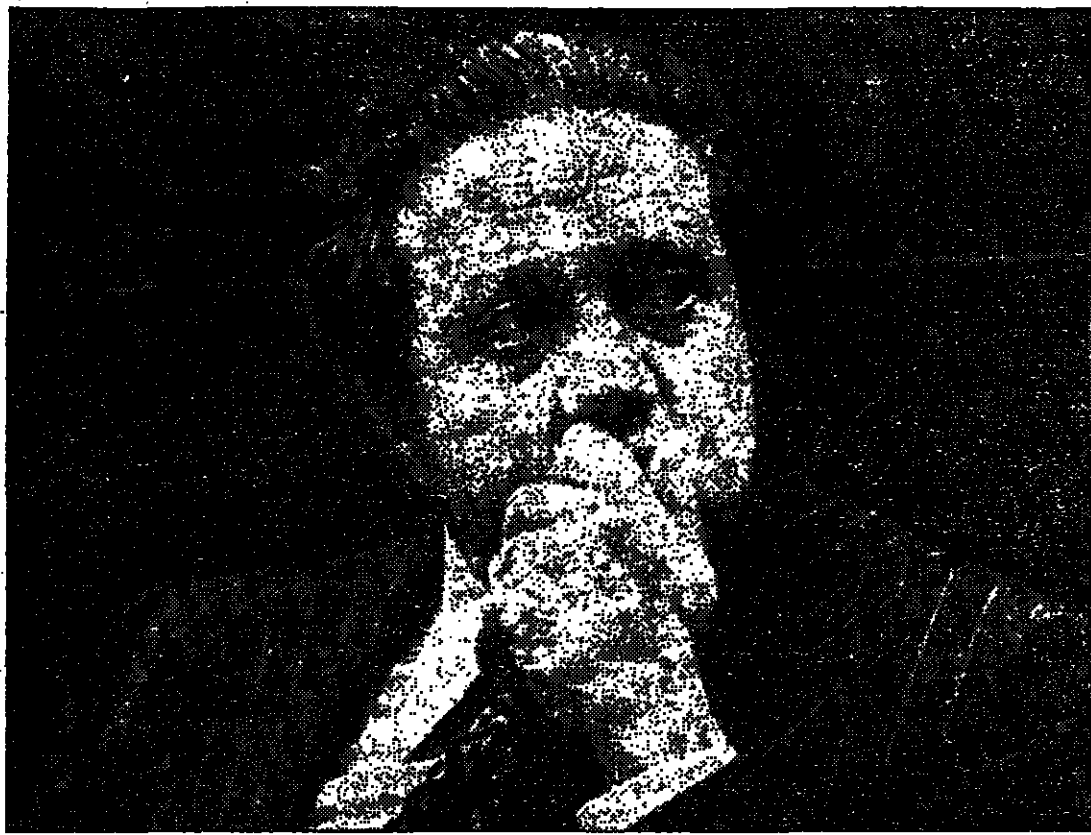
national burden upon the has been the influx into of some three-quarters of Portuguese subjects from Angola and Mozambique after the independence of former African colonies. They have had

Splintered

A problem for some time to come will be the basic structure of Portuguese industry. Mr. Salazar's protection of a handful of conglomerates, now state-owned, left other enterprises splintered into some 400,000 companies with

The Outlook for Portugal

The Nation Stirs Under a 'Recuperation' Program



Premier Mario Soares

Soares Talks of His Plans, His Vision

By James Goldborough

LISBON (IHT).—Portuguese Premier Mario Soares heads a minority government that, as he says, only stays in power because it is not in the opposition's interest—yet—to bring it down. Still, how long it can last, given Portugal's very serious economic problems, is anybody's guess.

Yet Mr. Soares indefatigably goes on, flying around the world as a kind of one-man band trying to drum up support—and money—for his newly democratic nation. The day of this particular interview, he had just returned from a nine-nation tour of the European Economic Community, and was off for Norway the following day to talk about fishing and Norwegian aid.

Just two weeks ago (April 20), he was in New York to discuss aid totaling \$1.5 billion from various sources to help return Portugal's balance of payments to the black within five years. The balance of payments has slipped into serious deficit since the revolution of April 25, 1974, as wages went up, businesses were taken over and many foreign markets lost.

At present, the Soares government is embarked on a delicate program called "recuperation," which means bringing the economy back into order following the excesses of the early revolutionary period. The Portuguese do not apologize for what was done, they simply point out that they went too far in their exuberance, and now must straighten things out again.

As Mr. Soares says in the interview, these are difficult times to be in the government. "To

be a Socialist and to have a Socialist government at the very moment when everything possible must be done to redress the national economy—policies that are perforce unpopular and undemagogic—is difficult and represents tremendous sacrifice."

Yet he remains convinced it is possible, even if it is not possible alone. Portugal is looking today to its friends, the United States and Europe in particular, to help with the costs of transition. Mr. Soares reasons that it is the EEC's solemn duty to admit Portugal within a very short time, if economic chaos and political reaction are not to swamp the new democracy.

He was encouraged by his trip through the European capitals. He found encouragement for Portugal's EEC candidacy in all those countries where he expected to find it, and some, such as France, where he did not. But he knows that for Europe to admit Portugal, it must put political considerations above economic ones, and that is never easy.

The entry of new nations into the EEC, of Portugal, Greece and eventually Spain, is going to transform the EEC, which will lose some of its political coherence. The new nations may either change the EEC into what many have feared it was becoming anyway—a mere free-trade area—or separate it into a two-tiered community, of the richer and poorer, the north and the south. For the EEC to absorb the new nations and come out stronger will take a great act of political will, a quality the EEC never has demonstrated in large supply.

Preparing for Entry Into the EEC

By David Haworth

BRUSSELS (IHT).—When Britain announced in 1961 it intended to request admission to the European Community, it was economically obvious that Portugal, in view of its trade relations with the United Kingdom, would not be able to stay wholly outside an enlarged EEC.

The renewed British candidature in 1967 led the Portuguese government to send an aide-memoire to the EEC commission in which it emphasized "its desire to participate from the outset in any negotiation aimed at an arrangement regarding trade and technological and scientific cooperation."

The negotiations between Portugal and the community were completed in July 1972. The agreement's aim was the progressive setting up of a free trade area for industrial products between 1973 and July 1977. It differed from the other third-country agreements, partly by the inclusion of the section on agriculture and partly, also, in relation to industrial products, by giving Portugal and Portuguese industry a longer interval for adaptation to the removal of tariffs.

The deal also contains an "evolution clause." Portugal attached great importance to this, since it looked to the possibility of extending the scope of the agreement. If the economic interest of the two partners should require the extension into other fields of the relations set up by the agreement, either Portugal or the community may submit to the other a request to this effect.

Two Protocols

In January 1976 the EEC Council of Ministers approved a mandate for the enlargement and extension of the 1972 free trade agreement with Portugal. The negotiations were completed last June with the initialing of the two protocols to the 1972 agreement.

The first protocol includes higher export ceilings for Portuguese textiles, improved access for Portuguese wine and horticultural products, industrial and technological cooperation, the extension of the community social security regime to Portuguese workers and their families resident in the community.

The second is a financial protocol which will allow the com-

munity to continue its aid to Portugal after the emergency aid program has been completed at the end of this year.

This, then, is the diplomatic background for the mouthpiece of the Portuguese Premier, Mario Soares, to all nine capitals of the Community. This hectic tour culminated here and with Mr. Soares's expected announcement that Portugal would quickly apply formally for EEC membership.

Two weeks later the application was made: It was immediately given to the European Commission, whose job it now is to produce an "opinion" on the application. It is unlikely—despite Portuguese impatience—that this will be ready before early next year. On the basis of this document the EEC Council of Ministers will begin in earnest negotiations with the Portuguese government.

There is every expectation in the Common Market capital that the talks will be prolonged and complicated. While no one doubts that they will have a favorable outcome for Lisbon, they could be much more protracted than the Portuguese would prefer.

(Continued on Page 9.)

Government Soothes Private Industry in an Effort to Woo Investment

By Robert McCloughlin

LISBON (IHT).—A long period of underdevelopment during the Salazar era and the confusion which followed it have left Portuguese industry badly equipped to meet the challenge of the present economic crisis.

Outdated plant and equipment and inefficient structures have now been aggravated by investment levels one-fifth of what they were before the coup.

The adjustment has been made to the sudden loss of the African colonies and its effect on markets and raw materials, but industry is still suffering the effect of the drain of technical and managerial talent which came with the revolution.

Labor troubles have now eased, but the losses incurred during the workers' heady political holiday in 1975 have left thousands of companies, big and small, paying crippling interest rates on loans taken out to tide them through the slump.

But the picture is certainly brighter now that the political horizon has cleared. Production rose 6 per cent in 1976, having dropped 5.7 per cent the previous year. Leading the way are chemicals, non-metallic minerals, beer and tobacco, with heavy machinery, transport materials and plastics close behind. Vital export industries such as textiles, cork, wood and woodpulp have been slower to catch up, but the last six months have seen a definite improvement.



Sorefame's heavy machine plant.

little chance of expanding. Many are too small and undeveloped to be effective and have been especially vulnerable to political storms.

Burdened by an alarming balance of payments deficit, Premier Mario Soares and his planners are now relying on export industries to lead the economic recovery. This puts the load squarely on the private sector which, with some 3 million workers, accounts for 70 per cent of the gross national product and some 95 per cent of the country's exports.

Soothing private industry has been the government's chosen task in an effort to win back do-

mestic and foreign investment and get exports moving again. "It is clearly trying to create an atmosphere that will give investors confidence," says José Manuel Morais Cabral, deputy director of the Confederation of Portuguese Industry. "There must be some doubt about the ability of a Socialist government bound by a progressive Constitution to return to orthodox market policies, but we are encouraged by the trends."

A recent measure will permit the revaluation of assets, tax free. Special aid has been promised to help firms deal with heavy import bills and transport costs, and more, to provide easier credit, al-

though generally this has yet to be translated into action.

Crippling Burden

Another development is the end to state intervention in about 300 small and medium-size firms now being run by workers' committees, usually, though not always, at a severe loss. Several have already been returned to their owners who are prepared to take on what in many cases will be a crippling financial burden, while others are being wound up completely.

A medium-term plan in the state sector is meanwhile nearing

completion. Over the next four years the state is to invest heavily in new projects that will exploit rich mineral deposits and create badly-needed infrastructure, energy sources and irrigation schemes.

The kingdom of the plan continues to be the massive industrial complex being constructed at Sines, 100 kilometers south of Lisbon. Transshipment operations are planned with a deepwater port offering facilities for tankers of half a million dwt. This will be operational next year, together with a giant oil refinery designed to process 10,000 tons of crude per year.

The oil will serve primarily to meet the needs of a big new petrochemical complex now under construction on the same site; a steam-cracker unit is to begin functioning within two years, producing 300,000 tons of ethylene annually.

Giant Terminals

A heavy-metal plant for railway freight trucks is to come into operation shortly, and a steel mill and giant terminals for grain, minerals and fertilizers are also planned.

Conceived during the world tanker-boom, the project has come in for a storm of attack as the monopolies that started it left private hands. Political pressures coincided with the world recession, which made the sheer size of the undertaking seem absurdly ambitious and, from a social point of view, not especially profitable. With a global investment of over 100 million contos, no more than 25,000 jobs are expected to be created in the medium term.

The doubts have not been overcome but the government has decided to press ahead, arguing that to cancel or cut down the project would be more ruinous than to continue.

Besides the basic projects, unlimited space, new infrastructure and ready access to raw materials will make Sines a focal point of development over the next decade. Land or factories will be rented to companies, domestic and foreign, with easier credit facilities, creating an estimated 12,000 extra jobs.

Slowly but surely, the planners say, industry is recovering confidence and momentum. The will, the understanding and some of the money is there, but nevertheless it will be some time before they can take effect.

the Constitution. At the end of this legislature the council should disappear—it is even written in the Constitution. The Revolutionary Council was justified because of the revolution. Once our democratization is completed, as is happening at the moment, the Revolutionary Council will disappear. Even so, there is no contradiction between the Revolutionary Council, which is an institution specific to Portugal in this period of transition, and the spirit of European democracy.

Q—Do you agree with Mr. Jenkins (president of the EEC Commission) when he says that the negotiations with Portugal will serve as a sort of precedent for Spain?

A—Yes, a precedent is going to be established. What I do not agree with is the "globalization" of the negotiations. Obviously, as we go forward with the negotiations, Europe will be thinking that Spain, perhaps—and I underline the word perhaps—will also join. I would be happy if Spain joins. But what I want to point out is that Portugal is already prepared, with institutional democracy and with an overwhelming majority of the population desiring to join Europe. We should not have to wait to have our case decided upon. The two cases are not the same and should be seen individually.

Q—We have been talking about Europe. What about Eurocommunism? Has that had an influence on politics here in Portugal, on the Portuguese Communist party? On Secretary General Alvarez Cunhal?

A—You know that the secretary general of the Portuguese Communist party, when he was asked if Portugal was a part of Eurocommunism, replied, "I do not know what that is." Well, everyone knows that it is a hardening of the stance of the Communism of the 1930s, and I think that he is a little allergic to the very idea of Eurocommunism that implies an evolutionary framework within political democracy—which he doesn't like. For that reason he was not invited to the summit in Madrid among the three partisans of Eurocommunism, the original phenomena since World War II, and that it could create enormous difficulties for the world Communist movement. And it could advance the movement of public opinion in certain Eastern European countries among those who want liberty and democracy and say so. And I think that it is a good thing that this evolution exists because I am a democrat and a partisan of liberty.

Q—You think that Eurocommunism is potentially more bothersome for the Soviet Union or for the United States?

A—Well, I think a little for both. But to speak frankly, I think that it is a very important phenomenon, perhaps one of the original phenomena since World War II, and that it could create enormous difficulties for the world Communist movement. And it could advance the movement of public opinion in certain Eastern European countries among those who want liberty and democracy and say so. And I think that it is a good thing that this evolution exists because I am a democrat and a partisan of liberty.

Q—Are you closer to Eurocommunism than Cunhal?

(Continued on Page 9.)



Industry: Picking Up the Pieces, With Some Signs of Success

Agriculture

By Robert McCloughlin

LISBON (IHT)—With one of the worst harvests on record expected this year, the government is taking a long hard look at the controversial land reform begun during the revolutionary period in 1975.

Much of the Alentejo "bread-basket" region in the South is now run on a cooperative system, set up when angry farm workers seized the enormous estates which had been neglected by generations of wealthy landowners. Last year's harvest of 600,000 tons of wheat showed a significant increase, which the Communist-dominated collectives were quick to claim as a triumph of their new system.

This year the crop will be halved. Heavy and premature rains will undoubtedly contribute to the result, as excellent weather

did to last year's. But critics of the collectives, who include just about everybody except the Communists and left-wing parties, directly blame their new methods, or lack of them, for the disaster.

Politics put before work and planning, they argue, have led to low productivity. A third of the workers are said by the government to be technically unemployed, yet drawing full wages out of state subsidies. In some areas, according to its reports, less than 50 per cent of the available land has been seeded.

Land Reform

The collectives have not helped their case by relying on political arguments rather than economic results to justify their existence. Under the Socialist program of expropriation of large properties is bound to continue but, under a new land-reform law about to be discussed, their control will take place according to the govern-

ment's terms. Meanwhile, several smaller farms have been returned to their owners, with troop patrols to discourage active opposition from the collectives.

No one is saying that Portugal's agriculture does not need immediate and drastic reform. With 35 per cent of the population on the land, farming is a vital part of the nation's life, yet it supplies barely half its needs.

Much of the trouble is to be found outside the Alentejo in thousands of farms too small and under-equipped to be economically viable. The Confederation of Portuguese Farmers would like to see them merging in private collectives in order to provide central planning and overcome resistance to new ideas, but is afraid that the mere mention of the word will raise hackles.

Private farmers also demand an insurance system to protect them from the vagaries of the climate, better and cheaper credit facilities and an end to the speculation that troubles the price of farm produce on its way to the shops.

Besides canned fruit and vegetables, notably tomato paste, Portugal exports large quantities of cork and wine. One of the world's chief cork producers, the country was nevertheless forced to resort to imports to keep the manufacturing industry on its feet as cork-shippers joined other laborers in an extended holiday.

The situation may improve this year, but the grape harvest, on the other hand, is causing acute worry. A late spring frost severely damaged vines, and in some areas more than half this year's crop has been wiped out.

Fishing

LISBON (IHT)—Portugal's extension of its fishing limits to 200 miles in March highlighted the serious problems that affect the industry. The offshore islands of Madeira and the Azores make the new territory enormous, but it will be some time before it can be fully exploited.

Lack of development over the past decade made it impossible to meet a sudden increase in demand which came from higher wages and the influx of nearly

a million colonial refugees. The annual catch has been declining by an average of 7 per cent since the late '60s, exacerbated now by quota cuts and the restrictions imposed by new limits in European and west African waters. Most of the fleet is old and under-equipped, with trawlers coming in for longer and more frequent repairs and the shortage of freezing facilities creating a serious bottleneck.

"We have plans to reorganize the sector and to renovate the fleet as much as possible," says Pedro Coelho, secretary of state for fishing. "Our own territory is the only one we can be absolutely sure of now and we must pattern our policy accordingly."

With the allowance for the last two years hardly touched, the government has some 1.2 million contos for credit incentives. New trawlers are to be built, and vessels in the North Atlantic and African fleets are to be adapted to medium-depth trawling for the offshore area. Others will be converted for line-fishing, bringing in a high-quality catch that will fetch good prices. Most important, cold storage facilities are to be installed.

Short Hours

Plans to add fifty new boats to the sardine fleet could increase the annual catch to 130,000 tons, if stocks permit. The present catch of 80,000 is quite inadequate for both internal consumption and the canning industry, which has had to rely recently on imported fish from Poland. The industry's 12,000 workers have been on short hours, but this is expected to end as supplies increase. Meanwhile, credit is being provided to the sector on the condition that all profits be reinvested.

The peculiar labor system poses some problems. Fishing boats are largely manned by seasonal workers, many of them shopkeepers and farm laborers: under such conditions, the government believes, unions can never be effective. The unions themselves are dissatisfied with the arrangement: a protracted dispute earlier this year was based not on wage demands but on their insistence that they control the inscription of workers into the industry.

The government also plans to overhaul the structure of the industry, which is dominated by private firms based by traditional thinking and reluctance to innovate. In return for subsidies and credits it is to demand that companies rationalize their operations, increase catches, eliminate overmanning and come up with sound plans for investment.

Shipping

LISBON (IHT)—Traditionally a seafaring nation, Portugal's shipping activity is immense, employing some 28,000 people. The world-renowned Lisnave repair yard at Lisbon is now sharing its work with Setenave, its big new sister company designed for building giant tankers, while several smaller yards are operating fully on the northern coast.

With so much repair work and small-scale construction the world crisis has hurt Portugal less than some other countries. In its ten years of existence Lisnave has serviced some 10 per cent of the world's tanker tonnage, profiting from its excellent position on international shipping routes and three dry docks offering repairs to vessels of up to one million tons.

Lisnave has also been building hulls for Scandinavian companies and a dozen sub-contractors have grown in its shadow. It has developed a high standard of technology and is being entrusted with the planning of a new port in the Arab state of Bahrain.

Lisnave's reputation for quick repairs did suffer, however, when workers took control of the company in 1975. But it remained a private concern with Portuguese, Dutch and Swedish capital, although now with 30 per cent state participation.

Work Levels Up

Relations between workers and management have since improved and work levels have picked up. Last year saw a return to normal, with repairs and services to 180 ships earning 2.7 million contos in vital foreign currency.

The building yard at Viana do Castelo north of Oporto has a full program of foreign orders, including two chemical carriers for a Norwegian line and several river coasters for the Soviet Union. Smaller yards at Aveiro, Figueira da Foz and Lisbon are busy too, with Arab orders for tugboats and others for barges and trawlers. A major program of renovation for the Portuguese fishing fleet lies ahead which the government believes will stretch the industry beyond its capacity.

The big exception is Setenave, which came into operation in 1974 and was nationalized the following year. Built to profit from the tanker boom, it suffered instead from the slump, and ambitious plans for building vessels of 700,000 tons had to be scrapped.

But the situation is far from hopeless. Besides its repair work, Setenave is now building the first complete tanker to be constructed in Portugal, a vessel of 330,000 dwt intended for supplying oil to the huge refinery being built at Sines. That, together with smaller orders from West Germany and many other countries now being negotiated, will keep the yard's 80,000 workers busy until 1979, when it hopes the government will supply new orders for the merchant fleet.

At this time it plans to start developing its own designs for construction, to complement its already excellent facilities and expertise. By 1982, when world orders are expected to pick up, Portugal will be ready to build ships of its own design and could then become fully competitive in the international market.

Construction

LISBON (IHT)—The absence of building cranes from Lisbon's skyline tells its own story. No sector of Portuguese industry has been more seriously hit by political upheavals and even now is only just getting back on its feet. The industry was an immediate target for the left wing which rose to power after the fall of the dictatorship. Geared to building luxury houses for those with the money to buy them, big companies profited from cheap labor and the corruption which surrounded land speculation. This made fortunes for some, but it drove thousands of others to build miserable hovels in the shanty towns outside Lisbon and Oporto.

With the revolution demand plummeted, as potential owners held off from buying while they waited for the political storms to blow themselves out. Builders were forced to borrow to tide themselves through the slump. At present they are paying crippling interest rates on those loans and many have given up the struggle altogether.

Now that the situation has reversed, the building industry is in poor shape to provide the 600,000 houses that will be needed to house families over the next four years. Difficulties in the production of cement, bricks and steel have caused shortages and delays, although the situation has begun to improve.

Bureaucratic indecision and lack of existing infrastructure are holding up the planning of new projects, while many that were begun two or three years ago have still to be completed. Work on a giant new town that is being built to house some 100,000 workers around the industrial complex at Sines was stopped during the revolution and has only just restarted.

Small Firms

This has encouraged "clandestine" building by small firms reluctant to wait while the bureau-

crats make up their minds. Practically all but 50 of the approximately 20,000 building companies employ less than ten people and many are engaged on individual projects subject to no official control.

For illegal home-owners and builders the situation is easily regularized by payment of a fine. The much publicized destruction not long ago of cheap shacks was designed to discourage speculators from exploiting the homeless: beyond that, it is said, to hinder the mini-boom would only aggravate the problem further.

Builders are meanwhile being forced to forget the once lucrative luxury market and turn their attention to cheap apartment blocks of steel and cement. The government is also anxious to break the back of the problem with prefabric housing; some 14,000 prefabs are to be provided for homeless colonial refugees this year alone.

A total of 1.5 million contos is to be provided in the form of cheap credit facilities to potential buyers: a quarter comes from an American loan given for the purpose, and the rest includes last year's largely unspent budget. But companies complain that little is being done to help them out of the mire; increased demand may not be enough if prices continue to be kept artificially low, they say, and if assistance in the form of subsidies and cheaper loans is withheld for much longer.

Steel

LISBON (IHT)—Labor troubles and government indecision during the revolution aggravated the problems which the world recession brought to the Portuguese steel industry. Production fell by 24 per cent in 1976 but picked up again the following year, and from now on steel will be much in demand as domestic programs of industrial expansion and construction get under way.

For this reason the government is giving priority to a phase of development in the nationalized steel industry. Between 10 and 12 million contos are to be invested in an expansion program at the Lisbon plant of Siderurgia Nacional, creating 3,000 new jobs. The 800,000 tons of steel produced annually at this and a smaller plant at Oporto is to be trebled when a vast new mill at Sines comes into operation at the end of the year.

The expansion is to be linked with the exploitation of valuable reserves of pyrites in the southern Algarve. Mining is also to begin this year on a deposit of iron ore at Moncorvo, reckoned to be one of the biggest in Europe which could supply the country's needs for 150 years.

Located near the Spanish border, the deposit is remote from any development center:

4.2 million contos will be to develop the operation, the investment will be repaid by annual import of 1.5 million contos.

Recovery

The heavy-metal manufacturing sector was one of the recover from the ill effect of the revolution, but it still world recession to deal with.

For thousands of small facturing companies, huge bills and interest rates with reduced demand are a tolerable burden. The firms, however, are facing future with confidence, achieved striking success profiting from the boom repairing to develop some biggest and most sophisticated machinery ever built company quadrupled its tion between 1972 and 1976, porting to a wide market ing Sweden, the United Brazil and the Far East.

Equiment and Sorefa also expanding with piping, oil and chemical cessing equipment and, t centis, prefabricated s. Both specialize in rollin with orders from Brazil, United States, and a ne at Sines for the prodn freight trucks, intended port, is nearing complet.

Sorefa's ventures a construction of offshore programs was highly su until orders stopped com it hopes that the experien ed will help it benefit r revival which it expects 1980.

Now that foreign dem slumped, heavy machine factors are relying on projects—including pow tions, the Sines complex, exploration and the t scheme in the South— their 10,000 workers busy.

Tourism

LISBON (IHT)—An more than a hundr and Spanish tourists has confirmed an ene trend. With hotels bo for this year's high sea tague tourism is clearl a spectacular recovery disastrous three-year p That is just as well, tionally the country's ma of foreign exchange ear emigrants' remittances, t was badly hit by politic and the Treasury o have sustained the de much longer. From a 12.5 million contos in 1 receipts declined to a meager 7 million c vacationers whose cal refugees took up vital hotel a sudden wage increase i intensive industry sent o ing.

But the flood of Span riviv old problems, th limit to accommodate sunny southern Algarve the next four years the ment plans to increas by 20 per cent, creating 10 and earning an anticip million contos in 1980. A 1.5 million contos has al set aside for the comp projects that were hind the revolution, mainly in ular island of Madeira, garve and the Lisbon a.

Most of the refugees moved out of the hotels rest must leave by October while, the government h foreign investment will and is encouraged by re ceptions for hotel planr from West German, Scan and American compan

Twelve Month

However, with the e of Madeira, which is b unable to meet a rapidly demand, the government concerned trying to spn load evenly over the month period rather t creating capacity. Credit provided for projects b activities which do not on hot sun and cloudis such as new sports and tion centers, while neglect abilities like fishing strongly promoted.

Few tourist compa owned by the state. b revolution left many o in control of the through subsidies and di tervention in workers c sions. Most concerns a returned to private owi managers, and only th profitable will be kept government control.

Panic caused by labor earlier this year has no sided. Hotel and trav unions moderated their v mands and the govern confident that the th strikes has been averted.

The one cloud on the is Spain. About 70 per the tourists come by rse any flare-up during elect the neighboring counr year could have a disaster fact. Spanish coastline too, are of more concern those in Portugal, wh tances are shorter. Tha tourism is one of the b spots in the industrial

EUROFIL

INDUSTRIAS DE PETROLEO, PLASTICOS E FILAMENTOS, S.A.R.L.

WORLD PRODUCERS OF
PLAIN WEAVE CLOTH, BAGS, TUBING AND
ROPES IN POLYPROPYLENE WITH VARIOUS
APPLICATIONS

BAGS AND PACKAGING OF ALL KINDS
CARPET BACKING
CORDAGE FOR ALL PURPOSES

POVOA DE SANTA IRIA
(PORTUGAL).

PHONE: 2590172. TELEX: 16497 EBOFIL P.
CABLES: EUROFIL.

RECENT DEVELOPMENTS IN THE PORTUGUESE ECONOMIC AND FINANCIAL SITUATION

The Portuguese monetary and financial situation in recent years reflects the political, economic and social changes which occurred after the 25th April. These changes rendered particularly difficult the action of the monetary authorities which endeavored to put into practice a more dynamic monetary policy so as to offset the negative effects arising from the political and economic crisis, the behaviour of the public and the institutional changes which took place in the meantime.

The main effects of the political and economic crisis were the drop in production and investment, the increase in unemployment, in inflation and in the treasury difficulties of many enterprises and the aggravation of the deficits of the General Budget of the State and of the balance of payments.

Available indicators point however to a recovery of the Portuguese economy in 1976 in what concerns both the production of goods and services and the monetary and financial fields.

In fact, gross domestic product at factor cost is estimated to have reached in the past year the amount of 431 billion escudos, corresponding to an increase, in real terms, of 5.1 per cent as compared with the previous year. This increase, occurring in the year following that of a drop of 2.8 per cent in GDP, is a sign of a certain recovery of Portugal's output.

It should be mentioned however that the imbalances which have characterized the Portuguese economy in the recent past persisted in 1976 and are in some cases even larger:

a) The increase in the domestic product was not sufficient, as in the previous year, to meet the high level of domestic demand (over 500 billion escudos); this had as a result a new aggravation of the balance of payments deficit which reached 29,369 million escudos in spite of the favourable developments namely in emigrants' remittances and tourism receipts.

b) Persistence of high rates of increase in price levels and of a high level of unemployment.

Notwithstanding such imbalances, the global analysis of monetary indicators for 1976 shows that the behaviour of the public towards the banking system came back to normal. Hence the restabilization of the structure of the balance sheets of credit institutions and the near recovery, by most monetary aggregates, of their growth rate trends.

However, when comparing monetary indicators with those for global economic activity, particularly product and prices, the picture changes considerably. Indeed, the growth of money stock, M2 (currency, demand and time deposits) of just 15.3 per cent on

average, was far below the inflation rate (approximately 20 per cent), leading to a marked increase in the velocity of circulation, which downward trend had only been interrupted in 1974, following disturbances in the money supply process which by 1976 had disappeared altogether.

It can be thus concluded that money supply underwent a marked drop which can be explained, on the one hand, by the intensification of inflationary pressures and the concurrent strengthening of the expectations of the devaluation in the second half of the year and, on the other hand, by a certain credit squeeze namely as to the financing of consumer expenditures or current expenditures of enterprises in difficulties.

The importance of the first group of factors is confirmed by the aggravation of the trade deficit reflecting undoubtedly the speculative inventory accumulation, the massive acquisition of consumer durables (as an alternative to the accumulation of financial savings), and probably capital flight.

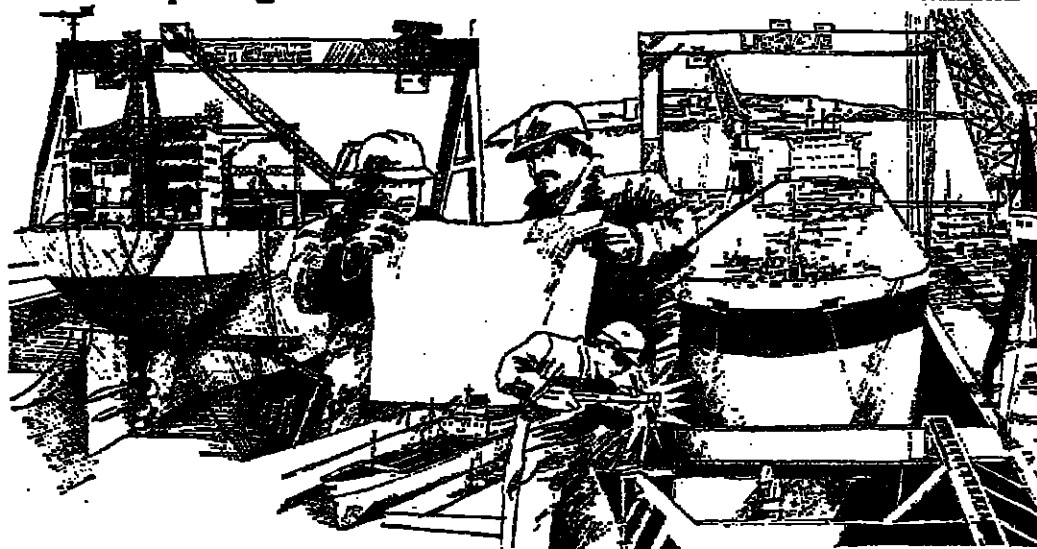
As to the partial credit squeeze it should be referred that in an economy with such a high degree of liquidity as the Portuguese one, it is only natural that the first response to such a policy be a more efficient utilization of available monetary assets, through the recourse to credit outside the banking system, that is, directly between enterprises and individuals.

The above developments have serious implications for the effectiveness of the monetary policy as an instrument of economic stabilization. It requires, on the one hand, its completion through measures to control foreign trade, capable of eliminating the mentioned money evasion behaviour without placing however an excessive burden on essential imports, particularly of equipment goods; it requires, on the other hand, a different combination of monetary policy instruments proper, namely a more active utilization of interest rates as an incentive to attract savings and to "rationing" capital. Thus the measures adopted in February 1977, with a view to the recovery of the economic and financial activity, were directed in that sense. Among such measures there should be pointed out those directed at the reduction of the imbalance in external economic relations—which implied, inter alia, the 15 per cent devaluation of the escudo, the granting of incentives to exports and the introduction of quantitative fiscal and financial restrictions to imports—at the encouragement of savings and investment, and at the reestablishment of the economic and financial equilibrium of public and private enterprises.

BANCO DE PORTUGAL
STATISTICS AND ECONOMIC
DEPARTMENT.

OUR DRYDOCKING CAPACITY KEEPS ON GROWING

2 new repairing docks for 350,000 and 700,000 taw are available



The highest quality of ship repair service



LISNAVE ROCHA YARD



LISNAVE MARGUEIRA YARD



SETENAVE MITREIRA YARD

We offer now, in our 3 yards, a total of 9 drydocks for ship repairs up to 1,000,000 taw

LISNAVE
Estaleiros Navais de Lisboa S.A.R.L.
Rua do Almada, 100 - 1250-100 Lisboa
Tel. 212 212 212 - Telex 110 110 LISNAVE P

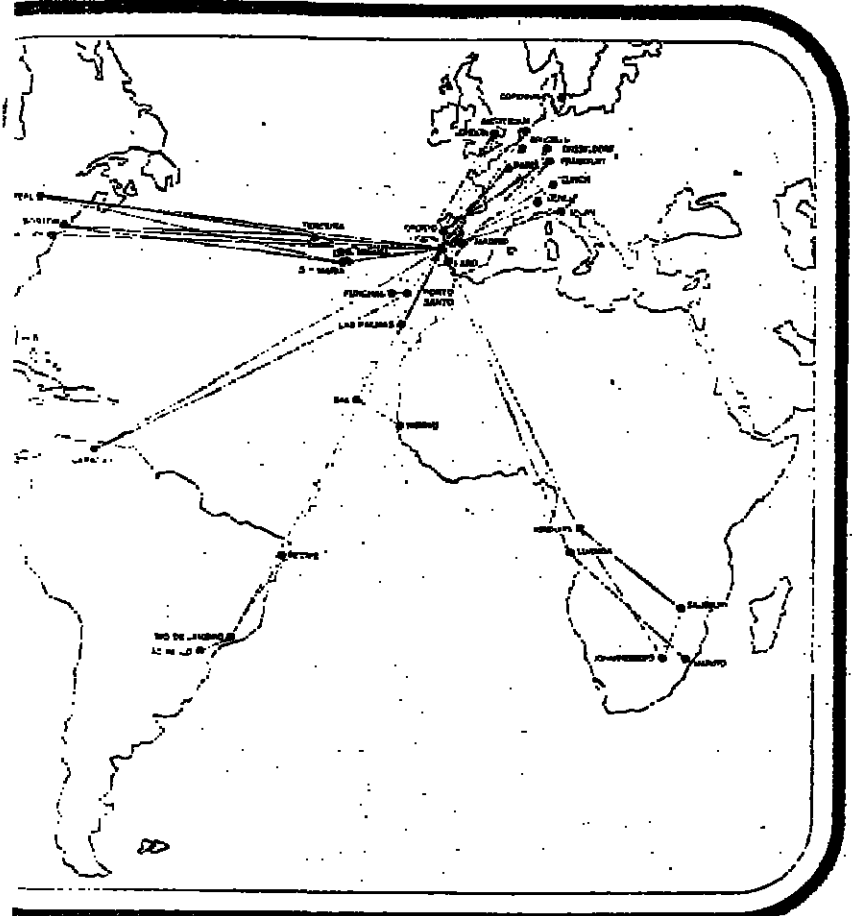
Setenave
Estaleiros Navais de Setúbal
Rua do Almada, 100 - 2550-100 Setúbal
Tel. 212 212 212 - Telex 110 110 LISNAVE P

Agents, Representatives: Brazil - Companhia Saneamento e Industria F.R. de Santos; Portugal - Companhia Saneamento e Industria F.R. de Santos; Spain - Compania Saneamento e Industria F.R. de Santos; France - Compania Saneamento e Industria F.R. de Santos; Germany - Compania Saneamento e Industria F.R. de Santos; Italy - Compania Saneamento e Industria F.R. de Santos; United Kingdom - Compania Saneamento e Industria F.R. de Santos; U.S.A. - Compania Saneamento e Industria F.R. de Santos.

هنا من العمل

ALL THE WAY AWAY... WITH TAP

FROM 33 CITIES ON 4 CONTINENTS



TAP

THE AIRLINE OF PORTUGAL

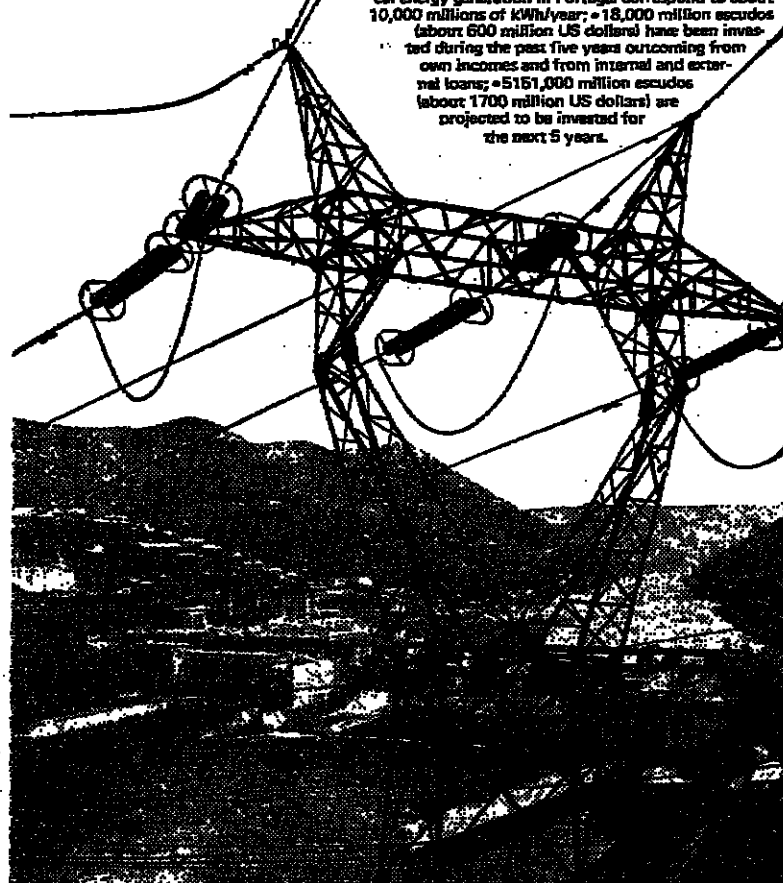
"We're as big as an airline should be"

Electricidade de Portugal - EDP

PORTUGAL

State-owned company operating the public utility services of generation, transmission and distribution of electrical energy in order to promote and to meet the demands of social and economic development of the population of the Continental Portugal.

- 12,500 workers; • 41 hydroelectric power plants under operation; and 5 under erection and 4 thermal power plants under operation and 2 under erection which correspond to about 3,800,000 kVA of installed capacity; • 184 substations with 6,500,000 kVA capacity; More than 3000 km of 150 and 220 kV transmission lines and about 399 km of 400 kV lines construction; • Distribution of electrical energy all over the country, more than 2,500,000 meters having been installed to give satisfaction to industrial, commercial, domestic and agricultural consumption; • Nearly 95% of the total electrical energy generated in Portugal correspond to about 10,000 millions of kWh/year; • 18,000 million escudos (about 600 million US dollars) have been invested during the past five years originating from own incomes and from internal and external loans; • 5151,000 million escudos (about 1700 million US dollars) are projected to be invested for the next 5 years.



A PORTUGUESE INDUSTRY GEARED TO THE WORLD



- 1 - ROLLING STOCK
- 2 - OFFSHORE EQUIPMENT FOR OIL EXPLORATION AND PRODUCTION
- 3 - EQUIPMENT FOR THE CHEMICAL AND PETROLEUM INDUSTRIES
- 4 - ELECTROMECHANICAL EQUIPMENT FOR HYDROELECTRIC AND THERMAL POWER STATIONS, ICEBERG, AND FILLERS
- 5 - DRYDOCK EQUIPMENT

EXPORT

ANGOLA • ARGENTINA • BRAZIL • COSTA RICA • FRANCE • GUATEMALA • INDIA • IRAN • IRAQ • ICELAND • KUWAIT • MALAWI • MOZAMBIQUE • MOROCCO • MEXICO • NICARAGUA • PAKISTAN • RHODESIA • SOUTH AFRICA • SUDAN • TURKEY • UGANDA • U.S.A. • VENEZUELA • ZAIRE

SOREFAME
SOCIÉDADES REUNIDAS DE FABRICAÇÕES METÁLICAS, S.A.R.L.
Telex 12608-16101 SOREFAM-P - Telephone 973051 Amadora - Portugal

Soares Talks of His Plans

(Continued from Page 7.)

A—No, because I am not a Communist. I am a Socialist.

Q—No, but I remember that Santiago Carrillo always said that he came here to see you and not Cunhal.

A—That is because we have the same ideas on a liberal atmosphere for Portugal and Spain. Both must evolve in a completely democratic framework of political democracy and not accept a transition toward Socialism by a violent minority. Carrillo knew that if Cunhal won in Portugal, that his party would never have had a chance to be legalized in Spain as it has a chance to be now. So Carrillo is vitally interested in our victory, that is to say the victory of democracy rather than a Communist coup in Portugal like the one in Russia in 1917. Because that would only have reinforced the right throughout Europe. There would be convulsions on the right, throughout all of Europe.

Q—What about NATO? At what point does the Socialist evolution, the evolution of the left in Portugal become incompatible with NATO?

A—At no point, because the Socialists have always said that NATO is necessary for the defense of Europe. As long as the Warsaw Pact exists, coupled with the military mobilization that exists in Eastern Europe, it is evident that the West must maintain NATO. For that reason the government of Portugal is faithful to its engagement vis-à-vis NATO, and it will rest faithful to this engagement. That is a main point of our foreign policy.

Q—Are you among those who believe that the two military blocs should gradually disappear?

A—I am in favor of negotiations for the reciprocal dismantling of the military blocs.

Q—And Spain in NATO? Do you think it is a good idea?

A—If Spain is a democratic country, there is no reason why it should not be in NATO. For the moment Spain does not have democratic institutions.

Q—What is the relationship between Spain and Portugal? You have still not gone to Madrid.

A—No, I have still not gone to Madrid, but I had the pleasure of receiving Mr. Suarez here. He made a very important trip to Portugal. We look with great sympathy upon the efforts of Mr. Suarez to democratize Spain. And we have non-ideological relations between the two governments that are good relations based on the idea of being good neighbors. We considered, even during the Franco regime, that it was necessary to have cordial relations and mutual respect between the two governments.

Q—Do you have any information on what is happening in Zaire, particularly between that country and the former Portuguese colony of Angola?

A—It's a very complex and preoccupying situation. It is necessary that the conflict be ended as fast as possible and a solution found to get the arms out of this region of the world. For if not, there is a good chance that this region could become another Vietnam, and that must be avoided.

Q—What about the Brazilian presence in Angola, is that a good thing? In Mozambique as well?

A—I think it is a bit strong to speak of a Brazilian presence. Brazil had the wisdom, in my opinion, to recognize the independence of Angola, and to establish normal diplomatic relations with Angola. It is a good thing.

Q—Let's touch on the political situation here. How long do you think you can govern with a minority government?

A—You know that is a question that only foreigners are preoccupied with, not the Portuguese.

Q—Why?

A—I was just questioned in the assembly, for example, and received a strong defense from an opposition party, because the opposition knows that it cannot constitute a government without the Socialist party unless, that is, they ally themselves with the Communists. And neither are the Communists interested in bringing down the Socialist government because they know very well that if the government falls the probable evolution would be toward the right. There is no alternative to our government, and so I am convinced that it is a government of legislature. We not only have the confidence of the president of the republic, but we do not have the mistrust of the assembly. The opposition parties have not found a platform to bring us down. It is evident that the government is going to continue, and easily.

But I will tell you honestly, this creates great problems in my own party. Because we are in the process of creating national policies that demand great sacrifice, and that is very difficult for a party. One must have great national dedication to accept such a situation. To be a Socialist and to have a Socialist government at the very moment when everything possible must be done to redress the national economy—policies that are perforce unpopular and undemagogic—is very difficult and represents tremendous sacrifice. It signifies above all the ability to put the interests of the country above the interests of the party.

Q—The "Social Pact" between the government and the labor unions, do you think it is going to work? Are the unions going to accept it?

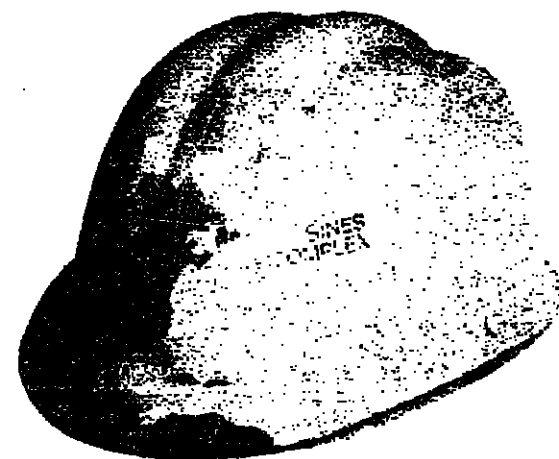
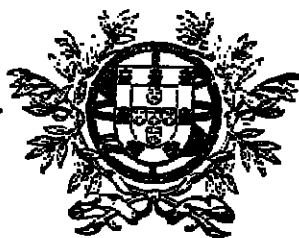
A—Until now the "Social Pact" has worked in an implicit way. But it has to work in an explicit way, with real negotiations between the government and the unions.

Q—Is the economy recovering or is it still falling?

A—It is recovering, not yet in a dazzling way, but there is a slow recovery. The confidence of investors, both foreign and domestic, is returning. Remittances from Portuguese workers abroad have risen 70 per cent in the past six months and tourism returns have gone up 55 per cent in the past six months. With these indications there is certainly an upward movement. The gross national product should increase by 5 per cent.

Q—A historical question: What were the causes of the Communist party's loss of support beginning in late 1975?

A—It was a popular mass movement that salvaged the whole country and which was led by the Socialist party. The people understood that they were on the brink of falling under a Communist dictatorship. They already knew what a dictatorship was, not a Communist but a Fascist dictatorship, and they didn't want it. So there was a civic uprising from the north to the south. We Socialists abandoned the government, entered into opposition, and began a powerful movement that led to a split within the army, which up to then was almost completely in accord with the evolution toward Communism. The Communists were beaten, first in the streets, then in the elections and finally in a military push that they wanted to start on November 25.



SINES COMPLEX, a gateway to Europe. Major Oil Terminal, Ore Terminal, General Cargo Terminal, fishing harbour.

October 1977: berth for tankers up to 130 000 d.w.t.
December 1977: berth for tankers up to 300 000 d.w.t.
December 1978: berth for tankers up to 500 000 d.w.t.

SINES COMPLEX an investment opportunity. Refinery, petrochemical complex, fertilizers complex, heavy metal-mechanics, chemical industry and non ferrous metallurgy, several units of light industry, complex for pyrites processing.

Atlantic Europort SINES COMPLEX

A concept for the World

SINES COMPLEX a new way of living. New town for 100 000 inhabitants, leisure activities, protection and preservation areas, road and railway network, public services.

SINES COMPLEX, the work for a country. 72 000 new jobs.

SINES COMPLEX, a responsibility for a Nation.

PORTUGAL - Gabinete de Área de Sines
Rua Artilharia Un. n.º 33 - Lisboa
Phone - 65 55 40 9
Telex - 12572 GASLIS P

Why is PORTUGAL the Tourist's Best Buy in Europe



	BAD	GOOD	EXCELLENT
Food Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Quality of Wines	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Friendliness of the People	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Price/Quality Relationship in Hotels	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sunshine	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unpolluted Countryside	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Winter Sports	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

That's why you should talk to your Travel Agent now!

Portugal - the Best Holiday Buy

* (it seldom snows)





Economy: Despite Fear of Bankruptcy, a New Sense of Confidence

(Continued from Page 7.)

of life, have done with the spending spree upon which it has been engaged, and settle down to hard work, sacrifice and production.

The government austerity measures, for the most part in operation, include drastic cuts in the importation of unessential and luxury goods, high customs duty on such of them as are allowed in, freezing of the price of a series of basic household commodities designated "the market basket," an increase in the bank rate, and a new issue of

14-per-cent Treasury Bonds to encourage saving.

The "market basket," which has been designed to help the living conditions of the average Portuguese family, includes such goods as bread, flour, rice, sugar, cooking oils and fats, milk products, certain types of frozen fish and meat, sausages and soap. The question of enlarging the list to include such things as household fuels, etc., is under consideration.

Among the economy's adverse figures announced by Dr. Medina Carreira was an external debt of 130 billion escudos. At the end

of 1976 this debt totalled 15 per cent of the gross national product. There was a 63-per-cent growth of the deficit in the balance of payments between 1974 and 1976, and 15 per cent between 1975 and 1976.

Again, between 1975 and 1976 imports rose from 99 billion escudos to 128 billion, while exports only rose from 49 billion to 55 billion.

He pointed out that the country is still far from the 1974 tourism revenue figure. Exports do not even pay for half the country's imports, investments are exceed-

ingly low in view of the need to absorb labor and to produce. Consumption is far beyond the country's means, and there is a profound imbalance in both public accounts and those of business.

It is now reported that the text of the government's 1977-80 Economic Plan is virtually ready for discussion by the Assembly of the Republic.

The plan's basic aims are to encourage savings, step up production, for export, cut down home consumption, find new markets, encourage both home and foreign investment in Portugal,

and revitalize flagging sectors of industry and commerce such as agriculture, fishing and canning, etc.

For this the country must resort to both home endeavor and foreign aid.

In the home sector come the launching of new Treasury Bonds, at a more favorable rate of interest, the austerity measures to reduce irrational home spending, an expansion of foreign markets through better service, and the launching of a public loan of at least 10 billion escudos.

Concomitant with these mea-

sures the government intends to implement freezing of the price of essential commodities and maximum salaries, while bringing up to date the salaries of public servants, a hitherto neglected class. The present minimum national wages of town and rural workers are also to be brought in line with the increase in the cost of living, as well as the pensions scale.

A special savings program will be encouraged by a new form of public credit announced by the Public Credit Junta. It is to launch a type of "life-income" certificate which will be revalued as the gross national product changes, and a new type of savings certificate.

Trade

The foreign trade situation is, of course, still an outstanding preoccupation of the Portuguese government. The country cannot bear the drain of an acknowledged 73-billion-escudo deficit which was announced in March. Yet, there are light patches amid the gloom. A total of 51.6 per cent of Portugal's exports went to EEC countries and 41.7 per cent of Portugal's imports came from those countries. An outlet for Portugal's naval construction products—ships and boats, pontoons, floating docks and cranes—proved profitable last year, and brought in more than 1 billion escudos. Belgium, Greece, Turkey, Latin American countries, Spain, the United States and Arab countries are among the customers.

The Portuguese revolution has been kind to the port wine trade, whose exports last year totalled more than 1.7 billion escudos. During the first nine months of last year the export of paper pulp and cork products topped well over the 21-billion-escudos mark, while cotton goods and clothing were each over one billion.

The government has decided upon the creation of a Foreign Trade Council to study the means of stimulating and developing foreign trade and obtaining new markets.

Youthful and energetic Dr. Victor Constâncio, one of two newly appointed vice-governors of the Bank of Portugal, takes a reservedly optimistic attitude to his country's present economic condition.

He did not see any need at the moment for any further devaluation of the escudo, after the 15-per-cent devaluation which took place in February. He pointed out that its full effect cannot yet be estimated, however. "There is always a time lag after devaluation," he said, "and in the months immediately after devaluation the situation becomes worse. This is important, for the real effects only begin to be felt after that, and it is only then that one can tell. There is no need for further revaluation at present." He admitted that the volume of exports suffers, and that a "deterrent effect" is at present being felt in Portugal.

Investments

Dr. Constâncio did not see any significant improvement in the investments situation, but he said that both new West German and United States firms are making surveys in Portugal with a view to investment. German sources here speak of interest by Krupp in mounting two cement factories here.

As for Portuguese investments abroad, the government has acted as guarantor for foreign credits contracted by the former African colonies of Angola and Mozambique. An outstanding case of this is that of the Cabora Bassa Dam, which is harnessing the waters of the Zambezi River in Mozambique with a view to supplying cheap power. An agreement signed with South Africa during the previous regime fixed the price of this power as the lowest on the African continent. An understanding has now been reached between Portugal and independent Mozambique by which a new Portuguese-owned company, the Hidro-eléctrica Cabora Bassa, S.A.R.L., has been created to exploit the project, which recently

entered into its first phase of production.

"We hope eventually to recover our output, but I doubt if we shall," Dr. Constâncio says. "The price fixed with South Africa is very low, and we do not know if revision of this is possible."

One of the more cheerful signs noted within recent months is the rise in the influx of emigrant workers' remittances. These, with tourism, had been the country's two most valuable sources of revenue during the latter part of the last regime. These remittances increased from around 27 billion escudos in 1975 to around 29 billion in 1976, according to Dr. Constâncio. This succeeded a post-revolutionary decrease.

The most rapid increase took place in the last half of 1976, which showed a 70-per-cent improvement over the same period the previous year. It is not possible yet to obtain a global figure for the first quarter of 1977, but partial bank reports show further increases. New encouragement is being given to emigrants to send their money home. Recent government measures allow them a good percentage on investments in Portugal and credit facilities for buying land and building here.

Temporary aid to the Portuguese economy is of course available from foreign nations. This aid is a bone of contention between the Socialist government and the Communists, who insist that foreign aid is undermining Portugal's independence. It takes two forms—monetary and technical. The monetary aid in turn

may be divided into gifts, loans and forthcoming from States, from the EEC and members of EP. Early Scandinavian aid from Britain. Some credits are already in. Others are pending. The European Bank, the World Bank and state banks of many countries and States are involved programs.

A man and a mental in tiling the soil for the production aid are Dr. José V. reira, the dynamic minister, and his team Dr. Medeiros Ferreira, modestly that he has played a part foreign aid for Portugal.

He told the Her: "Our activity, a piece was to find out in it would be possible financial aid, at over the pertinent negotiations to the authorities of the I tugal and the Finance, while giving support. That in this field the ac Ministry of Foreign the outcome of i which is that of the whole external the Portuguese state, ties of the prime minister of finance officials have also been trying results in the foreign aid."

Unions Adapt to Uneasy

LISBON (HRT)—After a period of open warfare, workers and management have settled down into a period of uneasy harmony.

The left-wing press daily laments encroachments on hard-won workers' freedoms, while right-wing politicians denounce leftist plots to undermine the nation's economy with strikes. But life has moved on since the days of revolutionary fervor and in fact there are signs that the old antagonisms are beginning to wear off.

Some managers feel they are still fighting a war, and expect salvation only with the advent of a more right-wing government. The wiser ones have learned to adapt their planning to higher wages, reduced working hours and longer, paid holidays. They have been rewarded with fewer strikes, an easier working relationship with workers' committees and a drop in absenteeism from a peak of 20 per cent working hours lost in June 1975 to a present average of 8 per cent.

For smaller firms geared to cheap labor the adjustment has been difficult. But compared with the rest of Europe, workers' demands have been by no means excessive and wages are still significantly lower than in most other Western countries.

Eighty-five per cent of the union leadership is dominated by the Communist party through the militant Inter-Sindical/CGTP (Confederation of Portuguese Workers). But the ruling Socialists believe that most workers are non-Communist and are determined to create a system which would be guaranteed to operate independently.

Condemnation

This has aroused bitter hostility from workers' leaders, who are also strongly opposed to the government's withdrawal of support from worker-controlled enterprises. That, together with the fact that wages are pegged to 15 per cent rises while prices soar way beyond, has brought vigorous condemnation but significantly little action.

"We don't want to bring down the government, but that doesn't mean we won't fight against measures which reduce workers' freedoms," says Carlos Carvalho, an Inter-CGTP leader.

Managers applaud the government's attempts to rehabilitate private industry and a growing number feel sure that ordinary workers have accepted the need

for higher production.

But they are not their own way. They have yet to settle t worker participation a progressive Con government appears ning to weigh this in favor, with informa tions affecting vil being required from

Jobs

The matter of i is far more serious than 500,000 of Po, and a half million u dant or unable to f job, the country is crippling 15-per-cent rate, the hi rope.

With benefits of minimum wage te \$180 per month th barely enough to m before this year's p This is creating da tensions which shov tacular increase of

Emigration has be in the past and o Mr. Soares has prom tugal's unemployed dumped in other E tries if it joins the instead be channel Venezuela, Canada, the old colonies. I of these are relucta but the most skill tions in Mozambique are such that sett returning to Portug the reverse.

The problem is e worse, in spite of g tempts to create 40 the next two years hoped for expansion As it is, 126,000 o colonial refugees—1 000 that arrived afte in the former Afrie and who have falle into a saturated job

Impressive effort made to create op the refugees to tak they left in Africa, catering, trad scale manufactu schemes based on have created 30,000 third of which mu numbers, and in r the economy there is that the problem c until beyond 1980 al

European Investments in Portugal

Investment plans essential for Portuguese integration into the European Economic Community must be made on the basis of two existing goals.

Our country has clearly made its political choice and our future EEC associates have spoken unambiguously.

Declarations of good intentions are not sufficient by themselves to make separate economies complementary or to achieve a harmonious union between evolving societies. Long-term plans and decisions based on what we have and are must follow if we are to attain our goals and achieve what others expect of us.

Portugal can no longer postpone indefinitely its choice of sectors, models and methods. We cannot simply wait for our integration into Europe to take place, with its natural socio-economic consequences. Nor can we consider our integration to be just the addition of our specific problems to the Community's general problems.

Our integration into Europe starts today. We will consider the needs of the community in planning the use of our resources so that our association may contribute actively to building the future Europe. Helping Portugal in this direction will contribute to a more human Europe by helping a country to express its maturity.

We will not arrive empty-handed. We have companies that have come through uncertainty and crisis because they were planned on a continental scale and adapted to current community needs. Certain prominent companies are defending European interests on an international scale. These include companies with private and foreign capital backing as well as state participation.

An example is LISNAVE (40% Swedish and Dutch capital) and SETENAVE which together represent the world's biggest naval repair center. More than 20% of the world's repairs on super oilships are made in their shipyards.

Another example is CELBI, a manufacturer of eucalyptus paste with an average annual production of 150,000 tons. Swedish Billerud, which holds 72% of the capital invested, found cooperation with Portuguese industry to be both convenient and stimulating. They commercialize more than 65% of the paste produced on foreign markets.

All these projects are correctly viewed in terms of our integration into the European Community, as well as our resources and the possibility of using foreign capital and technology. This is the primary direction that should be taken in community investment plans in order that Portugal may become a useful and helpful partner in the Europe of the future.

These were the factors which led us to re-analyze our Foreign Investment Law and adapt it to the general rules of the OECD. We are doing what is necessary to encourage foreign investors. We hope that they will take the next step.

Ministry of Planning and Economic Coordination.

enjoy portugal

with master charge/eurocard/access

You have now one more reason to choose P for your holidays: you can use your Charge, Eurocard or Access. These cards are honored all over the and especially in the tourist areas: Estoril, Cascais, Sintra, Oporto, Madeira and Azores. Surely, you have already heard traditional Portuguese hospit you do know that you will be w

ENJOY PORTUGAL

CARTÃO UNIB

Rua Filipe Folque, 2-4º. Dto.—Lisboa—P

Telephone: 53.01 52—Telex 12678 U

هنا من العمل



Banks: Looking for New Investments

Shercliff

The thin end to nationalization in Portugal was in 1974, when decided to nationalize the country's three banks. These were the Banco Nacional, the Banco de Fomento Nacional (National Development Bank), the bank of Mozambique. In 1975, the Bank of Africa was also nationalized. The Bank of Portugal, the Bank of Macau, is self-financing with dollar and by Macau will have a mission.

The first decree by the newly formed government was the nationalization of the banks. In Madeira and only banks to insure was not to be three foreign in Portugal and Brazilian. The credit institution was affected.

Nationalization of the banks was a political move. In Portugal's and its banking the then Prime Minister, the through a period of the ultra-left. The political of the banks, under Communist control, was to be eliminated. The "safe" directors were out any proper. This lasted

saw a complete political scene where there were the re-establishment of the sectors. The Government under the President José Pinheiro. Banking took over, new admin-

One of the important focal points in the Portuguese banking system is the Banco de Fomento Nacional (National Development Bank). This institution specializes in investments in industry and, according to official sources, its activities are now expanding. The Portuguese commercial banks only give short-term credits. However, the sector of investments has not significantly recovered since the revolution, and there is a general lack of demand for it.

According to Dr. Vítor Constanção, one of the two recently appointed vice-governors of the Bank of Portugal, the nationalized banking system is now working well, and the banks are once more efficiently managed. He considers that there is no reason for denationalization in this sector.

Since the nationalization of the banks there has been a tendency to amalgamate certain small banks with larger ones. Dr. Constanção does not think that this policy will be pursued further, however.

One of the important focal points in the Portuguese banking system is the Banco de Fomento Nacional (National Development Bank). This institution specializes in investments in industry and,

according to official sources, its activities are now expanding. The Portuguese commercial banks only give short-term credits. However, the sector of investments has not significantly recovered since the revolution, and there is a general lack of demand for it. This has endowed the banks with high liquidity, and they could use more investment demands in order to regulate this situation. The Caixa Geral de Depósitos (General Depository Fund) has such a high liquidity position that it is refinancing medium-term credits made by other institutions in order to absorb its surplus.

Official figures show that state investment in nationalized firms and companies controlled by the public sector equals 26 per cent of national production, 55 per cent of capital formation and 28 per cent of employment. The cost of supporting bankrupt newspapers alone is costing the state 50 million escudos a month. An announcement has been

made that the Bank of Portugal was discussing a new credit policy, one more in line with the government's austerity program. It is geared on restricting hitherto available credits for the purchase of what are officially considered nonessential consumer goods.

Banks were the outstanding purchasers of the government's issue of Treasury Bonds last year. Together with industry they bought 5 billion of the 9 billion worth which were sold.

Stock Exchange

Insurance companies in Portugal do not pursue the intensive policy of backing popular endeavor to the extent they do in such countries as Britain. This includes the widespread granting of credits to such constructive sectors as real estate, housing, and education. In the last few years of the former government they were active on the stock exchange, largely investing in securities. With the changed activity of the stock exchange since the revolution they play less in this field. Nevertheless, alongside the 41 Portuguese insurance companies operating in Portugal today, there are a further 31 foreign companies.

The Lisbon Stock Exchange was closed down after the 1974 revolution and was only reopened last year. Its activities on reopening were restricted to the negotiation of bonds. In February of this year the exchange's activities were extended to the negotiation of shares. Business has not yet proved to be very brisk, however, but the shares of about a dozen private companies are negotiated. The large companies whose shares were negotiated in the old days are now, of course, nationalized.

In spite of slack business on the stock exchange, bankers consider that the exchange has a future, once industrial investment is normalized, and that it will prove to be of use to new firms in raising capital. On the whole, however, it is difficult for a really brisk and effective stock exchange to emerge in a small country like Portugal. Under the former regime it flourished through a speculative situation, because prices were built up artificially, and it was easy to have a rigged market.

IBM in Portugal.

IBM started business operations in Portugal in 1938. Today it employs over 500 people. People who are dedicated to satisfying the office equipment and data processing needs of Portugal. These employees work in a punched card plant, an education center and sales and support offices in Lisbon and Porto.

The computer today is a development of world-wide efforts not limited to any one area, country or continent. There is a constant interchange of ideas, people and expertise between users of computer systems and their manufacturers. This international interchange has

helped IBM develop products that serve a world market-place. Our commitment to producing a world-wide product-line is based on a free exchange of computer technology and the opportunity to market products in a free economic environment.

As a part of the IBM organization, IBM Portugal makes a contribution to our operations throughout the world and to the economy of Portugal.

IBM

PORTUGUESE PRODUCTION OF PULP, PAPER AND PACKAGING MATERIALS

PORTUCEL — Empresa de Celulose e Papel de Portugal, E.P.

It has been formed by a merger of the following companies:

— ANHIA PORTUGUESA DE CELULOSE, CACIA
— e bioxyde bleached sulphate softwood pulp;
— e bioxyde bleached sulphate hardwood (eucalyptus) pulp;
— eached softwood and hardwood pulp;
— paper (packaging and fluting);
— stered board.

— SOCIEDADE INDUSTRIAL DE CELULOSES, SETUBAL
— e bioxyde bleached sulphate softwood pulp;
— e bioxyde bleached sulphate hardwood (eucalyptus) pulp;
— paper;
— stered board.

— CELTEJO CELULOSE DO TEJO, RODAO
— Unbleached softwood pulp;
— Unbleached hardwood (eucalyptus) pulp.
— CELNORTE CELULOSE DO NORTE, VIANA
— Kraftliner.
— CELULOSE DO GUADIANA
— Corrugated board.

PORTUCEL operates through the following production centres:

— CACIA PRODUCTION CENTRE;
— SETUBAL PRODUCTION CENTRE;
— RODAO PRODUCTION CENTRE;
— VIANA PRODUCTION CENTRE;
— GUADIANA PRODUCTION CENTRE.

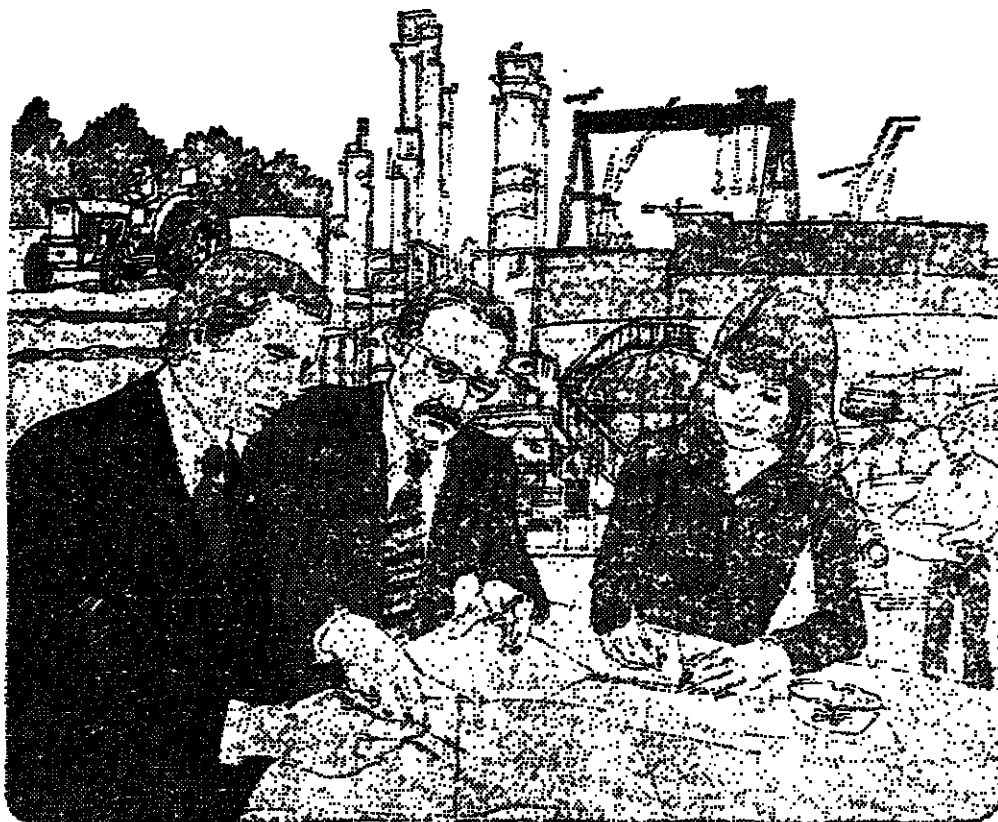
Portucel's production of commercial pulps will be as follows:

— Unbleached pine and eucalyptus pulp	102,000 tonnes p.a.
— Semi-bleached pine pulp	12,500 " "
— Bleached pine pulp	14,000 " "
— Semi-bleached eucalyptus pulp	15,500 " "
— Bleached eucalyptus pulp	132,000 " "
— Paper (kraftliner, bags, fluting)	55,000 " "
— Linerboard paper	136,000 " "
— Corrugated board	107,000,000 m ² p.a.

— Cacia and Setubal production centres are being expanded to bleached eucalyptus pulp production capacity up to 200,000 each.
— 5 forests of pine and fast-growing eucalyptus globulus.

Portugal is in a position to offer reliable supplies of pulp and paper. Bleached eucalyptus pulp offers exceptional strength, opacity and runnability. It is suitable for the production of excellent high grade paper of all types.

WORKING FOR A NEW PORTUGAL



PORTUGAL NEW EUROPEAN DIMENSION IS A CHALLENGE. DO WE CARE? YOU BET WE DO!

Banco de Agricultura • Banco de Angola • Banco Borges & Irmão
Banco Espírito Santo e Comercial de Lisboa • Banco Fonsecas & Burnay
Banco Micaelense • Banco Nacional Ultramarino
Banco Pinto de Magalhães • Banco Pinto & Sotto Mayor
Banco Português do Atlântico • Banco Totta & Açores
Banco de Fomento Nacional



THE PORTUGUESE BANKS

Vilas Wins Decisive Match Argentina Ousts U.S. in Tennis

May 1 (UPI).—Over the United States, Argentina won a 3-0 victory today in a 3-hour 15-minute match.

Vilas saved his service by hitting a cross-court backhand winner from the backcourt corner and then taking the net on the final point, forcing Stockton to hit long in an attempt to pass him.

Ahead 5-2, Vilas needed only to hold serve for the set, but he broke Stockton again in the eighth game, aided by raucous shouts from the crowd as Stockton's serve was good but he lost the point and protested in vain to officials.

In the last set, Vilas broke Stockton's serve in the second game, but he lost on his serve with a double fault. Alternating the next two games, Stockton lost on his serve but broke Vilas to hold, 3-2.

Vilas got the lead in the sixth game and the final match point was his when Stockton hit wide in a forehand volley while charging the net.

Connors Talks
LAS VEGAS, May 1 (AP).—Top-seeded and defending champion Jimmy Connors beat Bob Hewitt of South Africa in a semifinal yesterday of the \$250,000 Alan King-Casas Palace tennis classic and then hinted he might get out of the game for a while.

Connors took Hewitt 6-3, 7-5. He then said, "There is too much stuff going on in the game for me. I'm going to have to just hang around for a little while and cause a few problems for them and then I'll get out and come back and cause a few more problems, because I've got a lot of things I can do besides play tennis."

Asked what those things would be, Connors said, "I'm going to keep that a secret. You're just going to have to wait and see."

Connors' opponent for this afternoon's \$50,000 final will be Mexico's Raul Ramirez, who defeated Colin Dibley of Australia, 6-4, 7-6.

Practically y's doubles to can Sherwood t out Vilas to Stewart easily Alvarez, 6-3,

mustered all las and in the even match- his serve in six games.

st, Vilas broke the sixth game ad. The game Stockton was

May 1 (UPI).—ight closed out il by slugging un and driving o lead the Los o a 6-4 victory he Expos help-

seventh inning d runs-batted-

ay

outh. He also ues in homers

proved their to 17-3 under mmy Lasorda,

for the Los 1955 won 20 of the d went on to rld Series.

he 0

ack Billingham o pitch the 3 straight vic- of the Chi- y Bench had g a run-scor- st inning, and a double and a Cincinnati at-

aves 4

first baseman dashed home a two-out er- at Rockett in to lift the Car- cary over the s.

Astros 0

Oliver, Phil Taveras drove h while Jim Tekue counter to lead the 1 victory over

ants 4

o rookie left- ch, with help over the final ched Philadel- ed offense d single.

May 1 (UPI).—t finished Ar- ver the United American zone s finals today d 3-hour 15- er Dick Stock-

from a first- 7-6, 2-2, 6-2, an unbeatable l advantage in the

rian Gottfried s Ricardo Cano, make the final

owd, which in- s' President t wild, swarm- ng him off on All during the had to plead the whistling,

time Argentina lited States in

President's Brother, Riggs Give Tennis Different Look

PLAINS, Ga., May 1 (UPI).—Tennis may never be the same again.

Billy Carter and Chris Evert teamed against Bobby Riggs and Tandy Rice, Carter's agent, yesterday in a wild doubles match. The occasion was the first annual Peanut Tennis Classic.

The main attraction in the hometown of President Carter was supposed to have been a World Team Tennis match between the Phoenix Racquets and the Soviet Union on a court built for the occasion. This small south Georgia town didn't have a court.

A crowd of 4,000 stood at attention while a recording of the Russian national anthem was played and the Russian flag flew alongside the United States and Georgia flags only a few hundred yards from the President's home.

The Racquets beat the Russians, 30-23, although Natasha Chmyreva, an 18-year-old Russian, handed Chris Evert, rated the world's top tennis player, her second loss in two days.

A crowd of 4,000 poured in early in order to get a look at the celebrities, especially "Miss Lillian," the President's mother, and Billy, his brother.

The crowd shouted when Billy and Riggs came onto the court and began warming up for their exhibition match.

Evert showed Billy how to hold the racket and where to stand, and every time the President's brother managed to hit the ball over the net, the crowd gave him an ovation.

With a little help from the scorer, the Carter-Evert team was declared winners. When asked before the match what kind of training he had done, Carter replied, "Pabst" (a popular brand of American beer).

The match was played for charity, and sponsors had hoped to raise \$10,000 to be divided between the Lions' Club Eye Bank and a local mental health association.

George Brett and Hal McRae each knocked a run later in the frame.

Twins 5, Tigers 5

At Bloomington, Minn., Roy Smalley's run-scoring single capped a four-run, two-out rally in the ninth inning that gave the Twins a 5-3 victory over Detroit.

White Sox 12, Rangers 4

At Chicago, Jorge Orta hit a three-run homer and Jim Esian added a two-run homer to highlight an eight-run first inning that carried the White Sox to a 12-4 victory over Texas.

Chet Lemon, who drove in a run in the first inning with a double, contributed a three-run homer in the second for the White Sox, and designated-hitter Oscar Gamble knocked in three runs with a two-run triple in the first and a single in the second inning—after which the White Sox led 12-1—as they pounded out 17 hits.

Chicago had six extra base hits in the first inning, one shy of the modern major league record.

Cubs 4, Reds 1

At Cincinnati, Jerry Morales doubled home two runs in the ninth inning and Bruce Sutter pitched scoreless relief over the final 3 1/3 innings to preserve a 4-1 victory for the Chicago Cubs, which snapped the Reds' five-game winning streak.

The Cubs took a 2-0 lead in the sixth inning off loser Pat Zachry with the help of shortstop Dave Concepcion's first error of the season. Ivan De Jesus led off the sixth with an infield hit and, after Greg Gross was safe on Concepcion's error, Bill Buckner doubled to right, Bobby Murcer drove in Gross with a sacrifice fly.

Cards 8, Braves 0

At St. Louis, Eric Rasmussen pitched a five-hitter and battery-mate Ted Simmons knocked in three runs, two on a first-inning triple, as the Cardinals defeated Atlanta, 8-0, to complete a three-game sweep. Only one Brave reached third base as Rasmussen raised his record to 2-3.

Pirates 4, Astros 3

At Pittsburgh, Al Oliver singled off reliever Ken Foychuk with two out in the 10th inning, driving in Omar Moreno to give the Pirates a 4-3 victory over Houston.

Moreno singled with one out and stole second. After Ed Ott popped out, Foychuk intentionally walked Dave Parker to get to Oliver, who singled to right. Oliver had sent the game into extra innings with a lead-off home run in the ninth inning. Willie Stargel hit two homers for the Pirates' first runs.

Fibak to Miss Cup

KANSAS CITY, May 1 (UPI).—Poland's Wojtek Fibak confirmed yesterday that he would pass up next week's Davis Cup match against France in order to play in the WCT doubles tournament.

Fibak and Tom Okker are the top-seeded team for the tournament May 4 to 8. Poland had tried to reschedule the European zone match to accommodate Fibak, but French organizers refused.

Swiss Hans Stadelmann died of head injuries when his machine ploughed into the wreckage of a four-bike pile-up on the seventh lap of the 250-cv event.

Johnny Cecotto of Venezuela, Dieter Braun of West Germany, Franco Uncini of Italy and Frenchman Patrick Fernandez were taken to local hospitals with injuries. Doctors said only Fernandez, who had suffered internal hemorrhaging, was in danger. Cecotto broke a wrist.

The race, which was to have continued towards the world championship, was abandoned. Then leading riders in the 500-cv event boycotted their race an hour

later to protest the safety measures.

"This course is bloody dangerous," said American ace Steve Baker. "Motorcycle racing is dangerous enough and you must have proper medical facilities. It took 40 minutes for the injured riders to be taken to the hospital."

Baker, fellow American Pat Hennen, and world champions Giacomo Agostini and Barry Sheene were among the leading riders who refused to start in the 500-cv event.

"The people who started are silly," said Brian Sheene. "Money doesn't interest me. My health and the health of other riders are more important than money."

Stadelmann, 35, was the second Swiss rider to be killed within a month. Franz Kunz died three weeks ago at the Paul Ricard Circuit in the south of France.

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we wanted to go out fast and score, and that's exactly what we did. We didn't want to hold back and wait for breaks like the last time."

"We got the first goal on them before, remember, and they came back to win (on Thursday night) 5-3. No, it was the second goal that did it tonight," said Bowman. "After that we definitely

sat back with the lead and played it very soft. We didn't want to open up and let them come back the way they did once last year when we had a big lead."

Pete Mahovich of Montreal called the game "one of the best efforts we have ever had in the playoffs, at least in our top 10."

"After our defeat in game three, we sat back and took a look at what we were supposed to do the other night. You can't get mentally ready all the time, we know. But we

